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WORLD SERIES

DODGERS LEAD SERIES 3-1

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INTERNATIONAL Herald Tribune

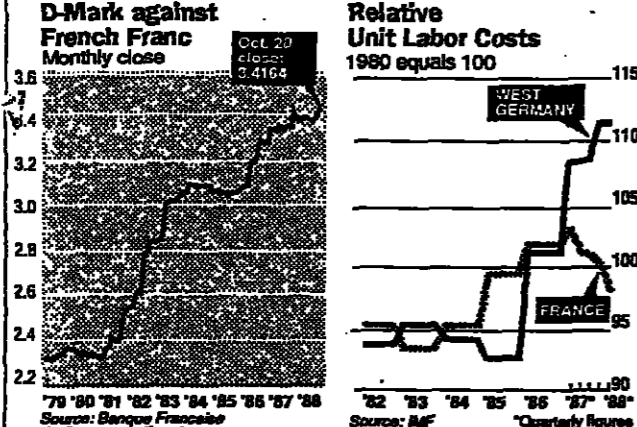
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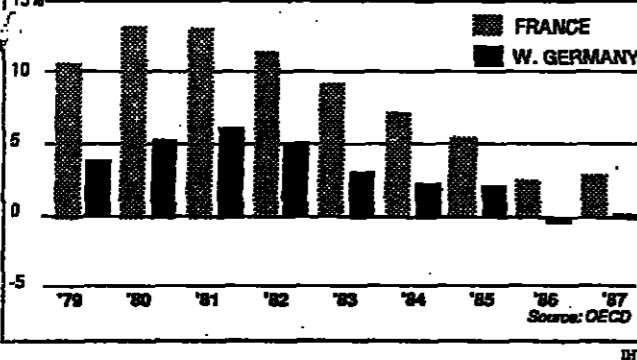
Agents... 115 Rate... 1,000 Franc

Pressure on Franc Threatens To Renew Paris-Bonn Tension

France Faces the German Powerhouse



Annual Inflation Rate



By Reginald Dale

PARIS—Mounting pressure on the French franc, intensified by a public sector labor dispute, is threatening to rekindle tensions between France and West Germany on exchange rate policies and is increasing the likelihood that European currency values will have to be realigned, economists and financial sources said Thursday.

While the French government continues adamantly to resist a devaluation of the franc against the Deutsche mark, analysts said there was a growing belief among German officials that a change in the two currencies' exchange rates may prove to be not only necessary but also desirable.

The French government, which has made a strong franc the cornerstone of its economic policy, would regard such a development as a major blow to its credibility and resolve.

As strikes caused severe disruptions to French public services on Thursday, the franc continued its slide against the West German currency, dropping to another record low of 3.4164 to the mark.

Confidence in the franc has eroded after a sharp widening of the French trade deficit in August, to 8,962 billion francs (\$1.5 billion), and the rash of public sector protests that have posed the toughest test so far for the five-month-old government's austerity policies.

The franc gained little succor from Tuesday's quarter-point increase in a key Bank of France interest rate, and no respite from the Bundesbank, the West German central bank, which decided to leave its rate unchanged at its regular council meeting Thursday.

The French authorities were said to have been hoping that an easing of German rates would reduce pressure on the franc by making the mark less attractive.

The Bundesbank's inaction, however, was taken as a further sign by some economists that the German authorities would rather revalue the mark than make strenuous efforts to hold the franc at its current rate, which many analysts believe to be too high.

"The mark is obviously undervalued, by any measure, and the franc is clearly overvalued," said J. Paul Horne, Smith Barney's Paris-based international economist.

Leading German officials, including Karl Otto Pohl, the Bundesbank president, have joined their French colleagues in stating publicly that there is no need for a currency realignment.

Privately, however, the Bundesbank "would really welcome a Deutsche mark revaluation," said Brendan Brown, chief economist at London's County NatWest investment bank.

The West German authorities see the franc's weakness at its current rate as a growing source of friction in the European Monetary System, Mr. Brown said.

Thursdays moves by Tokyo district investigators were the first since Mr. Matsubara allegedly attempted in August to bribe the opposition member of parliament in connection with the Recruit case.

If proven, the former executive's action would be the first legal infraction in the scandal, which has turned chiefly on political ethics and spreading public disapproval of the conduct of Japanese leaders.

The arrest followed an admission last week by Finance Minister Kiuchi Miyazawa that his name was used in the private purchase of shares in Recruit Cosmos Co., a real estate and publishing conglomerate, before the stock was listed on the over-the-counter market in 1986.

A total of 76 executives, media figures and aides to leading politicians are said to have made substantial tax-free gains by selling the shares into a rising market shortly after the stock was publicly offered.

Until Mr. Miyazawa's admission, the chief concern among ruling party legislators was the extent to which the Recruit case would delay or block the passage of tax reforms on which Prime Minister Noboru Takeshita has staked his political reputation.



Prime Minister Takeshita, right, and Finance Minister Miyazawa in the Diet on Thursday.

Japan Stock Scandal Widens

Politicians Fear Arrest of Executive Could Hurt Party

By Patrick L. Smith

TOKYO — The Tokyo public prosecutor's office arrested a senior corporate executive Thursday, marking a turning point in a stock-trading scandal that officials now fear may have high political costs for the ruling Liberal Democratic Party.

The arrest of Hiroshi Matsubara, a former corporate officer of the Recruit Cosmos Co., followed a raid on his home and the company's Tokyo offices late Wednesday evening, during which some 1,500 cases of documents were seized.

Legislative sources said Thursday that many members of the Diet, or parliament, were stunned by the action and now believe the case has suddenly become much more serious than was thought when it came to national attention last June.

Mr. Matsubara, who resigned his position after the scandal broke, was charged Thursday with offering cash to Yonosuke Narazaki of the opposition Social Democratic Alliance, officials said.

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Among Diet sources and independent commentators, comparisons were made for the first time with the Lockheed bribery scandal of the mid-1970s, which eventually forced the resignation of Kakuei Tanaka as prime minister.

The involvement of the public prosecutor's office, which has had a reputation for independence for much of the postwar era, suggested to many analysts that both the ruling party and its political opponents were losing the control they have so far exercised over the case.

Members of Mr. Miyazawa's faction in the ruling party were said to be concerned that the prime minister, who heads an opposing faction, would eventually force him to resign.

The group estimated that it would offer \$75 in cash for each of the company's roughly 225 million common shares outstanding. No further details were given, but Shearson Lehman Hutton said it would provide equity and interim financing for the deal, and arrange for additional bank financing.

Not long ago, companies the size of RJR Nabisco were considered safe from takeovers because of the massive cost of acquisition. But in recent months, there has been a surge of interest from large institutions willing to invest in buyouts.

In addition, a number of new partnerships have been formed to speculate on takeovers and participate in buyouts.

While no firm offer has been made, the proposed management buyout sets the stage for the largest company acquisition ever. Chevron Corp.'s \$13.4 billion takeover of Gulf Oil in 1984 is the largest on record. The biggest leveraged buyout was the \$6.1 billion takeover of Beatrice Co. by Kohlberg Kravis Roberts & Co.

The size of the RJR Nabisco transaction would dwarf the \$4.64 billion that European investor groups led by Carlo de Benedetti and Compagnie Financiere de Suez

Nabisco Weighs Buyout Offer Of \$17 Billion

Takeover Would Be Largest, By Far, in Corporate History

By John Meehan

NEW YORK — In what could be the largest corporate acquisition in history, top managers of RJR Nabisco Inc. announced Thursday that they are considering buying the consumer-products giant for almost \$17 billion.

"I don't think there is anybody on Wall Street who isn't stunned," said Ronald B. Morrow, a foods and tobacco company analyst with the brokerage Smith Barney.

The unexpected proposal may fundamentally alter perceptions of just how big a deal can be, even in the U.S. mergers and acquisitions field, in which multimillion-dollar prices have become commonplace, analysts said.

The price for RJR Nabisco, which could eventually rise above \$20 billion, would be larger than the annual output of many countries.

The impact of the proposal helped push the Dow Jones industrial average on Thursday to its biggest gain since Sept. 2. The leading market index rose 43.92 points to 2,181.19. (Page 12)

The proposal came in a week that has seen an unusual flurry of activity in the tobacco and foods sectors. Last Monday, Philip Morris Cos. offered to buy Kraft Inc., a giant food conglomerate, for \$11 billion. The next day Pillsbury Co. rejected a \$5.23 billion bid from Grand Metropolitan PLC of Britain.

Despite the size of the proposal Thursday, analysts said that RJR Nabisco could ask more, given the company's assets and financial strength.

In a statement released from its Atlanta headquarters, RJR Nabisco said that Ross Johnson, its president, and Edward A. Horrigan Jr., head of the company's tobacco business, told the board that they "intend to seek to develop, with a financial partner, a proposal to acquire RJR Nabisco in a leveraged buyout merger transaction."

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U.S. Candidates 'Avoid' Economic 'Bad News'

By Paul Blustein

WASHINGTON — On the big economic issues facing the United States, George Bush and Michael S. Dukakis are "far removed from reality," says J. David Richardson, a University of Wisconsin economist. That view is widely shared by economists in both parties.

Both presidential nominees have issued a smattering of proposals aimed at marginally improving the performance of the economy. Mr. Bush wants to make it more attractive for the middle class to save, for example. Mr. Dukakis vows to expand training programs for workers.

But the candidates' proposals contain none of the painful measures that many economists believe the next president will have to take to get the economy on a sound footing and minimize the risk of a financial crisis.

"Next year, we'll be putting too much strain on the economy," said Frank Morris, president of the Federal Reserve Bank of Boston. Mr. Morris, along with other Federal Reserve officials, worries that excess demand for U.S. products by American consumers and foreign buyers will rekindle inflation.

The best solution, according to Mr. Morris and a host of like-minded economists, is to take money out of consumers' pockets by cutting the budget deficit by about \$40 billion next year, and by greater amounts in subsequent years, through a combination of spending cuts and tax increases. The alternative to deficit reduction, he said, is that "interest rates are going to have to go up" because the Federal Reserve may feel forced to dampen consumption.

"In 1989, I think we will have to do one or the other," Mr. Morris said.

Mr. Bush and Mr. Dukakis are skirting what many economists describe as simple arithmetic — that after eight years in which the United States consumed and borrowed far more than it produced and saved, the nation faces a period in which living standards will either grow slowly or decline. Instead, both candidates suggest that their policies will enable the American people to enjoy ever-rising prosperity.

"Both of them are trying to avoid giving us the bad news, which is that belt-tightening is inevitable," said Robert Z. Lawrence, a scholar at the Brookings Institution. Rudiger Dornbusch, a professor at the Massachusetts Institute of Technology, agreed, deriding Mr. Dukakis's suggestion that he will be able to alleviate the "squeeze" on the middle class. "The best thing you can do for the middle class," Mr. Dornbusch said, "is bring them down to earth."

Mr. Dukakis has recently adopted some of the economist's rhetoric. In an Oct. 4 speech, the Democratic nominee said: "Once, only eight years ago, we were the world's largest lending nation. Now, we are its largest borrower. We cannot

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Bush Pledges, If Elected, to Convene Conference to Redefine NATO Goals

By Gerald M. Boyd

ROYAL OAK, Michigan — George Bush traveled two distinct roads on the campaign trail this week, proposing an early summit meeting to bolster the North Atlantic Treaty Organization and using the slaying of two Detroit police officers to attack Michael S. Dukakis's opposition to the death penalty.

The vice president said Wednesday that if he were elected to the presidency next month, one of his first acts would be to convene the leaders of the NATO countries to reassess the alliance's purpose as it headed into its fourth decade next year.

"NATO is not just a military organization," Mr. Bush said in a speech at the University of Michigan branch in Dearborn, "and our policy must be more than defense initiatives, however well meant."

Such a conference, he said, would aim for a strategy to reduce conventional arms in Europe based on asymmetrical cuts in which the East bloc would give up more than

Dukakis is pushing hard to win three big Midwestern states: Illinois, Ohio and Michigan. Page 4.

The West because it had more to start with. The conference would also seek to improve procurement and deployment plans.

Two other goals, he said, would be a "common diplomacy" toward Eastern Europe and the Soviet Union and an increased emphasis on efforts to improve public relations to counter Soviet measures in that area.

Since NATO is already engaged in such efforts, the proposal broke little new ground.

However, a senior foreign policy

aid to the Bush campaign, Dennis Ross, contended that the speech had offered an agenda that members of the Atlantic alliance could move on immediately after the election, if Mr. Bush won.

The vice president also urged that other members of the alliance assume a greater military responsibility, saying that "others must pay their fair share."

However, Mr. Ross denied that the vice president had been advocating "burden sharing," the position that Western Europe and Japan contribute more to their own defense. But neither he nor Mr. Bush explained the difference.

The vice president, whose Dearborn audience was largely made up of students, began his speech by saying that it was his "considered view" that, lacking experience in foreign affairs, Mr. Dukakis had "a

See BUSH, Page 8



ANGRY SERBS — Thousands of Serbs jeered two Communist Party leaders Thursday in Kosovo and ignored their speeches after party talks Wednesday in Belgrade. Page 8.

U.K. to Limit Rights in Ulster Trials

By Craig R. Whitney

LONDON — The British government moved Thursday to limit the right of silence for suspects accused of terrorist crimes in courts in Northern Ireland.

This would allow judges to draw negative inferences against defendants who refuse to talk to the police or the courts.

The proposal to change the criminal law was announced by the secretary for Northern Ireland, Tom King, in a written reply to questions from members of the House of Commons about details of the government's review of security procedures after a series of IRA bombings and attacks on soldiers at the end of the summer.

Prime Minister Margaret Thatcher said later that Mr. King had also discussed a proposal for legislation requiring candidates in local elections to swear an oath renouncing violence.

"If we go ahead with that we shall do so by legislation and shall introduce it at the earliest possible moment," she said.

With a comfortable majority in Parliament, Mrs. Thatcher's Conservatives will probably have no trouble enacting such legislation.

The opposition Labor Party's spokesman for Northern Ireland, Kevin McNamara, called the government's action "another victory for the terrorists."

Douglas Hurd, the home secretary, said legislation to modify the law on the right of silence would be brought forward in Parliament "at the earliest opportunity," but he left it unclear whether it would be changed for trials in England and Wales as well as in Northern Ireland.

On Wednesday, Mr. Hurd banned British radio and television from broadcasting live or recorded interviews with members of the IRA, the Catholic Sinn Fein party associated with it, and Protestant paramilitary groups in Northern Ireland, saying such interviews "have caused widespread offense to viewers and listeners throughout the United Kingdom, particularly

See RIGHTS, Page 8

Kiosk

U.S. Orders Boeing Tests

WASHINGTON (AP) — The Federal Aviation Administration ordered on Thursday immediate tests of takeoff alarm systems on nearly 1,800 Boeing 727 and Boeing 737 jetliners after finding that "a significant number" of the alarms did not work properly.

The action, prompted in part by two fatal airline crashes, requires the tests to be conducted immediately and then again every 200 flight hours.

The alarm failed to sound last year on a McDonnell Douglas MD-80 jetliner after the flight crew forgot to set the plane's flaps, keeping it from gaining altitude. The jet crashed seconds after taking off from Detroit Metropolitan Airport, killing 156 people.

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A Lower-Cholesterol Egg

SAN FRANCISCO — Hens fed a special diet have produced eggs certified to have less than half the cholesterol of regular eggs, according to California farmers who hope to appeal to consumers concerned about cholesterol.

California Department of Food and Agriculture tests confirmed that the eggs have an average of 125 milligrams of cholesterol, compared with an average 278 milligrams in a standard grade AA egg.

The American Heart Association recommends that an adult keep the average daily dietary intake of cholesterol below 300 milligrams. High levels of cholesterol in the blood are associated with heart disease.

An authority on diet and heart disease, John Kane, who is a biochemist at the University of California at San Francisco, said the eggs still contain relatively high levels of cholesterol.

"These eggs are not a huge breakthrough" for people with high levels of cholesterol, he said.

Less cholesterol is not the same as low cholesterol, he noted. Paul May, manager of Rosemary Farm in Santa Maria, which produces the lower-cholesterol eggs, said they are 30 percent more expensive to the consumer than regular eggs.

'Happy Birthday' Is for Sale, and Not for a Song

By Geraldine Fabrikant

NEW YORK — "Happy Birthday to You" may seem as if it belongs to everyone, but the song is actually under copyright, and that copyright will soon have a new owner.

The Sengstack family of Princeton, New Jersey, which for half a century has owned Birchtree Ltd., the company that holds the copyright, has decided it is time to sell.

So along with the other musical works that are part of the privately held company, "Happy Birthday to You" is up for sale.

The company may bring \$12 million or more.

Whoever buys it will have the rights to "Happy Birthday" only until 2010, when the song's 73-year copyright expires and it becomes part of the public domain.

The birthday song, which brings in about \$1 million a year, was written by Patty Smith Hill and her sister Mildred J. Hill, who taught kindergarten and Sunday school in Louisville, Kentucky.

In 1893 the sisters wrote a book called "Song Stories for the Sunday School." Within that book was a composition called "Good Morning to All," which had the "Happy Birthday" melody.

The lyrics to "Good Morning to All" went: "Good morning to you, good morning to you, good morning dear children, good morning to all."

Over time the sisters added the birthday words.

It is now one of the three most popular songs in the English language, according to "The Guinness Book of World Records," along with "Auld Lang Syne" and "For He's a Jolly Good Fellow."

The song is sung in many languages, from Spanish, Dutch, Italian and Swedish to Malaysian and Ewe (a language of Ghana and Togo).

"I think it was the movies that did it," said David Sengstack, Birchtree's chairman, when asked to account for its worldwide popularity.

The song came into the possession of the Sengstack family when John F. Sengstack, a New York accountant, bought the Clayton F. Summy Co., a Chicago sheet-music retailer that published the Hill sisters' work.

The song was not copyrighted until 1935, however — the same year that Summy joined the American Society of Composers and Publishers, which monitors songs played in public and on radio and television.

Enforcing the copyright of a song as popular as "Happy Birthday" has led to some peculiar situations.

By law, any public performance of the birthday song for profit or mechanical reproduction triggers a copyright fee.

Casio digital watches that can be programmed to play the birthday song every hour on the owner's birthday bring Birchtree a penny a watch.

Summy sued Postal Telegraph in the 1940s when the song was used in singing telegrams. The suit was dropped when company lawyers were stymied by the argument that even though the song was being used for profit, it was not being sung in public.

The company also objected when Frederick's of Hollywood advertised underwear that played "Happy Birthday."

'A Different World' Looms as Earth Warms

U.S. Study Foresees Crop Losses And Shrinking Coasts and Forests

By Michael Weisskopf
Washington Post Service

WASHINGTON — The United States could lose coastline equivalent in size to the state of Massachusetts and suffer crop losses of 25 percent in the Great Plains as the nation is warmed by the "greenhouse effect" in coming decades. This is the thrust of a draft report prepared by the Environmental Protection Agency at the order of Congress.

The global warming caused by industrial pollutants in the atmosphere is likely to shrink forests, destroy most coastal wetlands, reduce water quality and quantity in many areas and otherwise cause extensive environmental disruption in the United States over the next century, according to the report. Demand for air conditioning could rise 15 percent in the South and that region could experience a battle between farmers and urban dwellers over scarce water supplies. San Francisco could become much smoggier and the groundwater of the Northeast more riddled with pesticides.

The analysis is based on the widely held prediction of a rise in world temperature by a few degrees by the middle of the next century. It is the most comprehensive effort to detail the consequent impact for U.S. society and natural resources, according to the agency.

The analysis is being reviewed by

the environmental agency's Science Advisory Board. A companion study nearing completion is supposed to examine options for dealing with the warming trend.

But the jarring dislocations spelled out by the conservative agency, and its overall prediction of a "world that is different from the world that exists today," represent the fullest official acknowledgment of the problem. It may foreshadow proposals to control the man-made gases, especially carbon dioxide from the burning of coal, that trap solar heat like a greenhouse and warm the Earth.

"Global climate change will have significant implications for natural ecosystems," said the report, "for when, where and how we farm; for the availability of water we drink and water to run our factories; for how we live in our cities; for the wetlands that spawn our fish; for the beaches we use for recreation, and for all levels of government and industry."

An obscure scientific theory for 90 years, the "greenhouse effect" has gained wide scientific acceptance recently as the world has become warmer than at any time in recorded history. The four hottest years of the past century all have fallen in this decade, and 1988 is expected to be the warmest yet.

Some regions on the globe will benefit from the effects predicted in the report. In northern states, for example, yields of corn and soybeans could double with longer growing seasons assured by warmer temperatures, according to the study. Fish in the Great Lakes may prosper and migrate to new habitats in warmer waters.

But the overall impact for nature is expected to be negative as the climate changes faster than vegetation and wildlife can adapt. As soils dry up in Mississippi and Georgia, trees will die and their seedlings will not grow, said the report.

It said forests in the Southeast could die in 30 to 80 years. In Michigan, sugar maple and oak forests could be replaced by grasslands.

Sea level rises due to thermal expansion of the water and melting of glaciers are expected to require spending of up to \$111 billion on coastal barriers and even so 7,000 square miles (18,100 square kilometers) of dry land will be inundated. As many as two-thirds of the nation's wetlands also would be flooded, the report said.

Higher temperatures could increase poisonous algae and increase the concentration of pollutants in rivers as the volume of water decreases.



Strikers straining against a police line during a demonstration for more pay in Marseille.

Civil Service Strike Ties Up France

The Associated Press

PARIS — Thousands of French public service employees walked off the job Thursday in a one-day strike that affected mail delivery, public transportation and schools.

In Paris, Metro and bus service was reduced by about half to two-thirds. Commuters who feared the worst and drove into the city found huge traffic jams. Highways leading into the capital were backed up as much as 27 kilometers (17 miles).

Air France canceled 31 of its 118 medium-range flights; major rail lines were running at half to two-thirds their usual number; production of electricity was cut by about 15 percent; little mail was delivered; customs employees were on strike; and many welfare and social security windows were closed.

In much of the country, teachers did not show up for classes. Employees received a 1 percent raise in March and another 1 percent in September. When talks began this month between unions and the civil service minister, Michel Durafour, the workers learned they would not receive any more pay increases this year, with a 2.2 percent raise offered for 1989.

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U.S. to Help South Korea Peace Effort With North

By Don Oberdorfer
Washington Post Service

WASHINGTON — President Ronald Reagan told President Roh Tae Woo of South Korea on Thursday that the United States had decided to take conciliatory gestures toward North Korea to back up Mr. Roh's peace initiative with the North and would announce those measures soon, administration officials said.

The administration's plans were made known at a two-hour discussion at the White House during a brief official visit by the South Korean leader.

The officials said the U.S. measures, which are expected to be formally announced next week, include a resumption of informal U.S. contacts with North Korean diplomats, the easing of some travel restrictions for North Koreans coming to the United States and Americans going to North Korea, and limited North Korean purchases of U.S. medicines and other humanitarian supplies.

A broad lifting of a 38-year ban on trade with North Korea or removal of North Korea from the U.S. list of countries practicing international terrorism was not being contemplated, the officials said.

The United States wants "to be of any help" it can be to the South Korean initiative, Mr. Reagan said before his meeting with Mr. Roh.

In the same informal press appearance, Mr. Reagan generated speculation about the withdrawal of some of the 46,000 U.S. troops stationed in South Korea. Asked if he could "envision a time in the near future" when the U.S. military presence would be reduced, Mr. Reagan responded that it was "a possibility."

He said, however, that this would not be done if it meant "just withdrawing," but only if the troops were "no longer needed."

Gaston J. Sigur, an assistant secretary of state, emphasized later that "there is no intention of anything of that sort" taking place in the foreseeable future.

He added that "the threat from North Korea" is still present and that the administration had no indication that "the threat is about to be over."

Officials of the State and Defense departments said there has been no recent consideration at policy-making levels of reducing the U.S. troop strength in South Korea, although they said that a reduction in tension and troop levels by North and South Korea could bring a parallel U.S. reduction.

In an interview Wednesday, Mr. Roh said the United States should consider lifting its ban on trade with North Korea and take other "meaningful steps" to help end the isolation of the North and ease the hostility on the Korean peninsula.

Also Wednesday, a North Korean official addressed the United Nations General Assembly without accepting any of Mr. Roh's proposals, but also without using the harsh rhetoric North Korea typically uses against the South.

Replying to an address to the assembly the day before by Mr. Roh, Deputy Foreign Minister Kang Sok Ju said that the North was willing to pursue reconciliation but that all U.S. troops must first be removed from the South.

Mr. Kang made no direct reply to Mr. Roh's suggestion that a six-nation conference be convened to discuss a peace treaty and reunification. Instead, he proposed talks involving the two Koreas, and possibly the United States, to reach a new formal agreement to replace the armistice that ended the Korean War in 1953.

"I didn't expect any positive response from North Korea," said Mr. Roh about Mr. Kang's declaration.

WORLD BRIEFS

Iran Rejects Iraqi Offer on Prisoners

NICOSIA (AP) — Iran has rejected an Iraqi plan for repatriating prisoners of war from the Gulf conflict, Tehran radio said Thursday in a report monitored here. The radio quoted the speaker of the Iranian parliament, Hashemi Rafsanjani, as saying that Iraq must accept a United Nations-sponsored plan for ending the Gulf War before prisoner exchanges can start. Mr. Rafsanjani was quoted as saying that Iran was willing to "release the prisoners of war as soon as possible," but within the framework of UN Resolution 598, which calls for an immediate cease-fire and withdrawal of troops to internationally recognized boundaries before the exchange of prisoners.

At the United Nations earlier this week, Iraq proposed to release all prisoners of war if Iran reciprocated. According to the Red Cross, Iran has 50,182 prisoners and Iraq has 19,284. But UN officials and diplomats in Iran and Iraq think that Iran holds as many as 70,000 prisoners and Iraq as many as 50,000.

Engine Leak Is Discovered in Shuttle

WASHINGTON (AP) — One of the three engines that helped power the space shuttle Discovery into orbit last month developed a small cooling-system leak during the flight and will be replaced, the National Aeronautics and Space Administration said Thursday. The problem was found during an inspection Wednesday at the Kennedy Space Center in Florida.

Layers of nickel and copper, from which the engine's combustion chamber is fabricated, were found to have separated in one area, said Jerry Berg, a spokesman at NASA's Marshall Space Flight Center in Alabama. The leak resulted. It is too early to tell whether the engine change will affect the Discovery's next scheduled flight in February, he said.

Space shuttles are propelled into orbit by two solid-fuel rocket boosters that drop off after two minutes, when they are spent, and by three engines that are fed very cold liquid hydrogen and liquid oxygen from the shuttle's huge fuel tank. The \$41 million engines fire for six minutes.

Cambodian Peace Talks Are Stymied

JAKARTA (AP) — Officials from Southeast Asian nations could not agree Thursday on a plan to end the Cambodian conflict, but they pledged to meet in December to try again.

The main stumbling block, at the four-day meeting was Vietnam's insistence on linking its promised troop withdrawal from Cambodia to measures that would prevent the Khmer Rouge guerrillas from returning to power. Other demands by Vietnam included a timetable for the pullout and an international body to supervise and control it, said the chairman of the group, John P. Louhanapessy.

Mr. Louhanapessy, director-general for political affairs in the Indonesian Foreign Ministry, said the group would meet again Dec. 12 to 14 in Jakarta and possibly a third time in January. The representatives are from the Association of South East Asian Nations — comprising Indonesia, Malaysia, the Philippines, Brunei, Singapore and Thailand — and from Vietnam, Laos and the warring factions of Cambodia, except for the Khmer Rouge, which boycotted the meeting.

Israel Vows Revenge in Car Bombing

JERUSALEM (Reuters) — Israeli leaders vowed revenge Thursday for a suicide car bomb operation that killed seven soldiers in southern Lebanon on Wednesday.

Prime Minister Yitzhak Shamir and Defense Minister Yitzhak Rabin said Israel would find and punish the Lebanese Muslim guerrillas who carried out the attack near the Israeli border town of Maatla.

"I have no doubt that we will get them because we are obligated to hit these people of blood and terror at every place and every time," Mr. Shamir said. "We owe this to ourselves, our soldiers and our security."

Chilean Government Steps Down

SANTIAGO (WP) — President Augusto Pinochet's cabinet resigned Thursday, following the plebiscite Oct. 5 in which voters rejected General Pinochet's bid for a new eight-year presidential term.

Orlando Poblete, minister secretary-general of government, announced the resignation, said that it was intended to allow the president "a free hand in orientating the measures that he thinks are pertinent in this new post-plebiscite political phase." A new cabinet was expected to be named Friday.

The cabinet offered its resignation immediately after the vote, which General Pinochet lost by 55 percent to 43 percent, but the ministers were confirmed in their posts, apparently to contain the impression of crisis following the plebiscite.

Meanwhile, on Wednesday, Claudio Almeyda, the foreign minister under Salvador Allende, was freed after spending more than a year in jail as an "apologist for terrorism." Mr. Almeyda, 65, has been a rallying point for the Chilean opposition since he returned from exile in March 1987. After his return, he was tried and convicted on charges of propagating violence and of entering the country illegally. He was released following a decision by the Supreme Court reducing his sentence from 541 days to 390 days, the time already served.

TRAVEL UPDATE

The Spanish police halted trains from France to eastern Spain on Thursday after an anonymous caller said tracks had been mined. Local officials said 1,000 passengers were stranded at Perpignan, on the French side, in trains bound for Spain from Paris, Rome and Hamburg. (Reuters)

South African Airways next month will cease to use the international airport on Sal Island in Cape Verde for stopovers except on one flight to West Germany which will land on Sal Island, compared with seven flights at present. (AFP)

Italian air controllers said Thursday they had called off strikes planned for Oct. 24 and Oct. 29.

A fire in the control tower at Dallas-Fort Worth airport on Thursday forced the evacuation of controllers and the suspension of all flight operations, authorities said. Radio controls were out, and there was "absolutely nothing moving," an airport spokesman said. (UPI)

Indictment Of Marcos Seems Near

The Associated Press

WASHINGTON — The U.S. government plans to seek an indictment Friday of Ferdinand E. Marcos on charges of racketeering and fraud, federal sources said Thursday.

Attorneys for the deposed Philippine president have been engaging in plea bargaining negotiations with the Justice Department. The decision to take the matter to a federal grand jury in New York to seek charges was made after the two sides failed to reach an accord by a deadline Thursday afternoon, according to the sources, speaking on condition of anonymity.

One source said the Marcos lawyers were balking at the government's demand that he plead guilty to a charge of racketeering. Rudolph Giuliani, the U.S. attorney whose office has been investigating Mr. Marcos, declined to comment when asked in New York about his plans.

President Ronald Reagan indicated Thursday that he was taking a hard-line stance on the question of indicting Mr. Marcos. The president told reporters that the question may not come to his desk at all.

"I would think it would have to be a matter of foreign policy to bring it to my desk," he said, "and not just something legal."

On Wednesday, the 2d U.S. Circuit Court of Appeals upheld a lower court finding against Mr. Marcos and his wife, Imelda, that subjects them to possible arrest for civil contempt of court.

Mr. Marcos, 71, and his wife have been targets of a U.S. grand jury investigation into charges that Mr. Marcos diverted large sums of secret bank accounts after he fled the country in February 1986. In August, the couple balked at complying with a series of subpoenas, prompting the contempt charge.

Generally, people found in civil contempt can be jailed for the life of the grand jury, usually about 18 months, or until they comply with the court's directive.

The Los Angeles Times reported that Mr. Reagan had based his decision not to intervene on evidence indicating that Mr. Marcos, after he had fled his country and taken refuge in the United States at Mr. Reagan's invitation, diverted for his own use U.S. aid money intended for the Philippines.

Several times since taking refuge in Hawaii, Mr. Marcos personally has appealed to Mr. Reagan for help with his legal problems, the Times said, and Mrs. Marcos sent Nancy Reagan a handwritten letter in September 1986.

A Majority Hutu Is Named To Head Burundi's Cabinet

The Associated Press

NAIROBI — President Pierre Buyoya of Burundi has appointed a member of the majority Hutu tribe to be prime minister, Radio Burundi reported Thursday.

Adrien Simbomana was named on Wednesday, about two months after at least 5,000 people, most of them Hutus, were killed in fighting between the Hutu and the Tutsi, the East African nation's dominant ethnic minority.

Mr. Simbomana's 23-member cabinet has 13 Hutus and 10 Tutsis. The state-owned radio, monitored in Nairobi, said that Major Buyoya, a Tutsi, remained defense minister. The powerful post of interior minister went to Lieutenant Colonel Aloys Kadoyi, another Tutsi.

Mr. Simbomana is a former deputy speaker of the National Assembly under President Jean-Baptiste Bagaza, who was deposed in September 1987. He is the governor of Muramvya Province and was recently appointed vice president of a commission charged with studying the problem of national unity.

The Hutu make up about 84 percent of Burundi's 5 million people, and the Tutsi 15 percent. The Tutsi have controlled the government and the military since the tiny landlocked former Belgian colony gained independence in July 1962.

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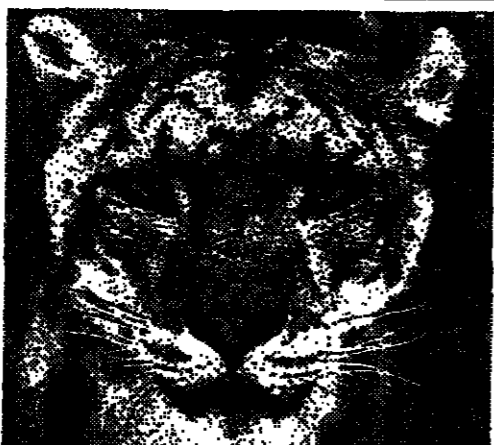
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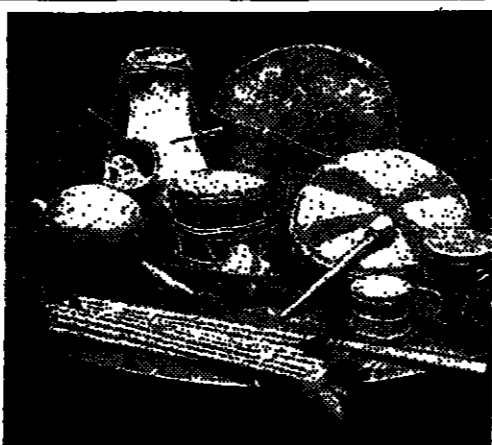
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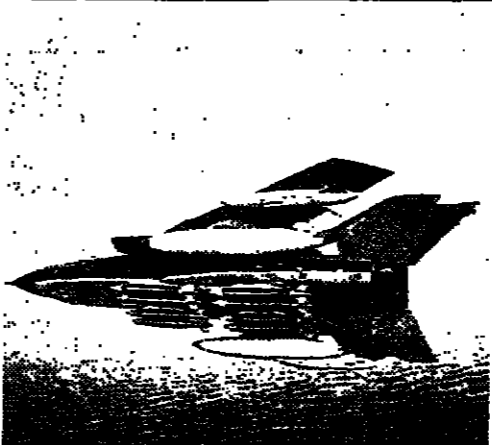
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SEYMOUR MELMAN (USA)
An exploration of methods to convert industrial economies from military to civilian work.



MILAN MIRKOVIC (Australia)
Desert cultivation of the jojoba plant, which produces an alternative oil to that of the endangered sperm whale.

1984



MARTINE FETTWEIS-VIENOT (France)
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KENNETH HANKINSON (UK)
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DONALD PERRY (USA)
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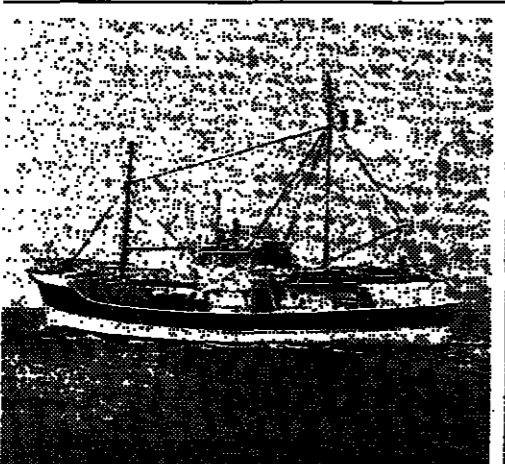


THEAN SOO TEE (Malaysia)
Cultivating aparagus plants on Mt. Kinabalu to inhibit soil erosion and yield a high-value crop for local farmers.



MICHEL TERRASSE (France)
Repopulating the Massif Central area of France with the griffon culture, following its extermination.

1987



JACQUES AUTRAN (France)
Salvaging and equipping a boat to take medical aid and health education to island-dwellers in the Indian Ocean.



STEPHEN W. KRESS (USA)
Exploiting "natal-site tenacity" to lure endangered seabirds back to their birth places to breed.



PIERRE MORVAN (France)
Studying the effects of geographical isolation on the formation of different species among ground beetles in Nepal.



NANCY NASH (Hong Kong)
Using Buddhist teachings that emphasize the interdependence of man and nature to promote nature conservation in Thailand.



JOHAN REINHARD (Peru)
Studying Andean mountain-top ceremonial sites, to shed light on pre-Columbian religious beliefs and economic structures.

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written on an Official Application Form and reach the Secretariat before 31 March 1989.

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ORLD BRIEFS

Iraqi Offer on Prisoners
Iraq has rejected an Iranian plan for a ceasefire in the Gulf conflict. Tehran said the offer was weaker than the Iranian proposal. Iraq must accept a United Nations plan before prisoners can be released. Iraq says it is willing to release prisoners as possible, but within the framework of an immediate ceasefire. The offer is recognized by some states but not by others.

Is Discovered in Shant
One of the three engines that were used to power the space shuttle Challenger was found to be defective. NASA's Marshall Space Flight Center is testing the engine. The test will determine if the engine is safe for use. The shuttle is scheduled to launch on Wednesday at the Kennedy Space Center.

Peace Talks Are Struggling
Peace talks between the Cambodian and Vietnamese sides are struggling. The talks are taking place in Paris. The Cambodian side is represented by the Khmer Rouge. The Vietnamese side is represented by the Vietnamese government. The talks are being held in secret.

Revenge in Car Bomb
A car bomb exploded in London, killing a man. The man was a member of the IRA. The bomb was planted by the IRA. The explosion was heard in several areas of London. The man was killed instantly.

Government Steps Down
The government in Cambodia has stepped down. The government was overthrown by the Khmer Rouge. The Khmer Rouge is now in power. The government was overthrown in a coup.

EL UPDATE
The election results in the United States are being counted. The results are expected to be announced in a few days. The election was held on Tuesday. The results are expected to be very close.

to European Trafficking
The European Commission is investigating trafficking in Europe. The Commission is looking for ways to stop trafficking. Trafficking is a serious problem in Europe. The Commission is working to solve the problem.

Dukakis Calls Bush's Tactics On Crime 'Political Garbage'

By Edward Walsh and David Hoffman

QUINCY, Illinois — Waving two Republican campaign brochures, Michael S. Dukakis interrupted a campaign bus tour on rural issues to denounce George Bush's attacks on the Massachusetts prison furlough program.

"Friends, this is garbage. This is political garbage," the Massachusetts governor told about 4,000 people at a rally in Quincy on Wednesday.

"This isn't worthy of a presidential campaign."

Mr. Dukakis' remarks, made during a bus tour of western Illinois and eastern Missouri, underscored how Vice President Bush, the Republican nominee, has dominated the campaign agenda and used the furlough program to damage the Democrat.

Mr. Bush also spent his day in the Middle West, emphasizing foreign policy issues.

A new Washington Post-ABC News weekly poll indicates that Mr. Bush is maintaining a clear advantage over Mr. Dukakis, by 52 to 45 percent, although the 7-point margin is far smaller than a 17-point lead Mr. Bush held in a national poll earlier this week by NBC and The Wall Street Journal.

Interviews with 1,195 likely voters showed Mr. Bush's lead to be

virtually unchanged all month but also indicated that the vice president has made inroads among voters on a number of fronts.

Three out of five voters, for example, said they had a favorable impression of him, his highest favorable rating this year. In contrast, 45 percent had a similarly positive view of Mr. Dukakis.

The poll was taken from Oct. 12, the day before the second presidential debate, to Tuesday night. It has a margin of error of plus or minus 3 percentage points.

An analysis of interviews conducted before and after the debate suggested no significant shift in voter sentiment after the debate. Likely voters, by a 3-to-1 ratio, said Mr. Bush had won the debate.

Other results of the survey suggest deepening voter concern about Mr. Dukakis. While 56 percent of likely voters interviewed in May agreed that he "had the right kind of experience to be president," only 43 percent expressed that view in the latest poll.

In May, 62 percent of those questioned said Mr. Dukakis could be trusted in a crisis; only 49 percent agree now.

In contrast, more than three out of four likely voters said in the latest poll that Mr. Bush had the experience to be president, and nearly three out of five said he could be trusted in a crisis.

While only about two out of five likely voters in May described Mr. Bush as a strong leader, just over half now say that description fits.

Mr. Bush clearly is viewed as the candidate most able to maintain an adequate military defense. In the latest poll, 80 percent said Mr. Bush would do so; only 44 percent said Mr. Dukakis would.

Despite those results, the race remains fluid. About a third of each candidate's supporters expressed only weak support for their choice, and one out of five said they could change their minds before Election Day, Nov. 8.

More than 100,000 of the brochures assailed by Mr. Dukakis were mailed to specific areas of Illinois by the state Republican Party.

One brochure cites the case of William Horton Jr., a murderer who escaped while on furlough from a Massachusetts prison and then committed rape and assault.

The other brochure says, "All the murderers and rapists and drug pushers and child molesters in Massachusetts vote for Michael Dukakis."

Denouncing the brochures, Mr. Dukakis said, "I don't know of anything more cynical or more hypocritical than the way the Bush campaign has used our furlough program and that human tragedy for political purposes."



George Bush campaigning with Gerald R. Ford at a high school in Royal Oak, Michigan.

Midwest: A Democratic 'Must'

By E.J. Dionne Jr.

CHICAGO — When Democratic presidential candidates believe they have fallen behind, as Governor Michael S. Dukakis does, they talk about making inroads in the Deep South and end up here in the Midwest, hoping that the three big states of Illinois, Ohio and Michigan will all vote their way.

Mr. Dukakis and Vice President

George Bush have been campaigning furiously through the region for several days.

The Massachusetts governor, by most calculations, needs all three states to have a chance at victory, and Democrats concede that he is behind in each of them.

The agonizing thing for the Democrats is that most of them once thought that this was their year to pull off a sweep of the big Midwestern states.

Economic problems on the farms and in the factories bred an insecurity in the Midwest that made it less open to the Republican talk of prosperity than other parts of the country.

Moreover, after an extremely bad start in which local officials were in open and angry rebellion against the Dukakis central office, Democrats in the field seemed finally to have made peace with Boston, on terms favorable to the local campaigns.

In both Ohio and Michigan, the local Democrats have been given the freedom to create their own television advertisements, a strategy that reflects the unhappiness of Democrats here with the centrally produced Dukakis ad. The local ads all involve tough attacks on Mr. Bush.

And Midwestern Democrats who had been openly critical of the Dukakis campaign now speak more kindly.

"We've got our people, his people, everybody working together," said Joel Ferguson, who had been Michigan chairman for the Reverend Jesse L. Jackson.

Just a few weeks ago, Mr. Ferguson was angrily denouncing the Dukakis campaign for not reaching out to the Jackson forces, who are very important in Michigan, where Mr. Jackson defeated Mr. Dukakis in the Democratic caucuses this spring.

But for all the newfound peace in the Dukakis camp, the problem for the Democrats in these states is the same as their problem elsewhere: They are late.

"Do we have enough time?" asked Jim Ruvolo, the party chairman in Ohio. "I don't know."

Even before the second debate, Mr. Bush had systematically undermined Mr. Dukakis' support among blue-collar and lower-middle-class whites with a series of sharp attacks, most effectively in denouncing a prisoner furlough program in Massachusetts and thus creating the impression that Mr. Dukakis was soft on crime.

Then came the debate, which was supposed to give Mr. Dukakis the boost he needed. Instead, the encounter pushed Mr. Bush ahead

by more than 10 points in Ohio and by 6 to 7 points in Illinois, according to polls of the local news media and by the candidates. Most Democrats concede that Mr. Bush is also ahead in Michigan, but local polls have conflicted over the size of his lead.

For Robert Hughes, the Republican county chairman in Cleveland, Mr. Dukakis' problem is the problem Democratic candidates have faced here for two decades: the difficulty of appealing simultaneously to black voters and to white ethnic groups in the region's big cities.

"He's got the worst of both possible worlds," Mr. Hughes said of Mr. Dukakis. "He's had to keep his distance from Jesse Jackson because he's afraid of the reaction, so he's got the blacks mad at him. And he's getting killed on the social issues in the ethnic community."

In the cities, "white ethnic" is a synonym for Roman Catholics, and The New York Times-CBS News polls show that Mr. Dukakis' losses among Catholics have been especially severe.

Here in Chicago, Democratic precinct captains have been reporting major defections among white Catholics, in large part because of the crime issue.

Edward R. Vrdolyak, a Democrat-turned-Republican who is running for county clerk of courts, said Mr. Dukakis had hurt himself further with his answer in the debate on how he would feel about the death penalty if his wife were raped and murdered.

"He's not a real guy," said the blunt Mr. Vrdolyak. "Most real guys would say, 'Hey, I'd kill him myself.'"

Nevertheless, Republicans in these states are treating Mr. Bush's new leads with a great deal of caution.

The Bush camp is most confident about Ohio, but even there, Jim Nathanson, said: "There's considerable volatility out there. I'm feeling good, but I'm not about ready to go home."

In Mr. Bush's favor are regional economic booms, and even many of the old smokestack industries are doing better now than they were a few years back.

Finally, history seems to be on the Republicans' side: Only three times in this century have Ohio, Illinois and Michigan all gone Democratic, and all three elections (1932, 1936 and 1964) were landslide victories in which the Democrats carried almost every other state in the union.

Whatever else they may claim, no Democrats are predicting a landslide for Mr. Dukakis.

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THE HUSTINGS

Connecticut Senator Losing Support

NEW YORK (NYT) — The attorney general of Connecticut, Joseph I. Lieberman, is running even with the incumbent, Lowell F. Weicker Jr., in the U.S. Senate race in Connecticut after trailing by a large margin a month ago, according to a statewide poll by the University of Connecticut's Institute for Social Inquiry.

The poll results, which surprised both campaigns, gave each candidate the support of 39 percent of the respondents, with 22 percent having no preference.

In a similar poll by the same organization four weeks ago, Mr. Weicker, a Republican, led Mr. Lieberman, a Democrat, 44 percent to 30 percent with 26 percent having no preference.

The sudden and dramatic shift was attributed by Mr. Weicker's campaign to the methodology of the poll, which was published Tuesday in The Hartford Courant. Mr. Lieberman's campaign cited the battery of radio and television commercials that have criticized the senator's voting and attendance records.

In Wisconsin, the Call of Watergate

RACINE, Wisconsin (AP) — Wisconsin Democratic officials say they believe that the cutting of a telephone cable at a party campaign office in Racine was an act of political sabotage.

Fourteen telephone lines serving a phone bank were knocked out Friday when the cable was cut on the roof of the building, the authorities said. The line was replaced before the office reopened Saturday. The phone bank is operated by volunteers to drum up support for Michael Dukakis, the U.S. Senate candidate, Herb Kohl, and local legislative candidates.

Donald Walsh, chairman of the Racine County Republican Party, said that the cutting of telephone wires was "stooping awfully low" and that no local party member was involved. "I'm disappointed, if indeed it did happen," Mr. Walsh said. "Every time an act of God or something happens, you can't run paranoid to the fact that someone is trying to sabotage your efforts."



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A Softer, Longer Line at Early Shows

By Suzy Menkes

PARIS—Clothes that go with a flow, in transparent and fluid fabrics, are the first story out of the French fashion shows. Designers are turning away from tailoring and short tight skirts toward longer and more flowing lines. There is a slight change in silhouette toward a trapeze for shoulders have nar-

PARIS FASHION

rowed and volume has moved into skirts and wide pants. This season's calendar has changed, bringing the establishment house of Dior up front with the avant-garde Japanese. There is not much meeting of fashion minds, except on fabrics and prints.

Dior's collection was up and down—the hemlines and the fashion temperature.

The mood was soft, the fabrics fluid, floating and even see-through. At its best, when gingham-checked voile skirts swung over soft skirts or breezy linen shirts with monogrammed pockets went with wide pants, the show looked fresh and sporty.

There were other moments when flower print skirts dropped under luxur net cardigans and it was dreary. The flow was new and the designer Marc Bohan softened tailoring with a jacket gathered into a pleated peplum at the back or just by slipping a silk sash round the waist of skirts or wide pants. This brought touches of acid color—lime, shocking pink or mauve—to a collection that used a lot of neutral beige and greige.

Skirts were long and soft, or short and wrapped, which looked fine with curly tailored jackets. But then there were soft shirt-jackets and cardigans, sparty when worn with deep-bra bustiers and wide pants.

The show had something for everyone, which is a way of saying that it was all over the place. There were daisy print dresses for women with a sweet tooth and pinstriped gabardine for playing Parisienne. The evening clothes



Left, wide pants with jacket and bustier, from Dior; right, culotte skirt with fitted jacket, shown by Comme des Garçons.

made by loving hands at home—and might best have been left there.

Yohji Yamamoto revisited many of his favorite themes and still insists on showing the major part of his collection in black. This is a purist statement from a designer who can cut a jacket a dozen different ways on one theme, but it makes for a dull show. The brief gleams of ocher and burnt orange, and some ethnic prints, were a relief.

Otherwise there were pants, wide to wider and all clearing the ankle. They looked good with short-sleeved tunic tops or a neckline tied with a poet's white collar. Long skirts, straw hats and parasols gave the whole show an Old World charm.

Shoulder epaules have been seen before at Yamamoto, and so have pinfolds. But they looked new as on a trapeze dress, swinging loose from a shoulder cut so small that it sometimes disappeared altogether, leaving bare upper arms and disembodied sleeves.

Thierry Mugler never strays far from the body. His clothes have gone soft—but not on his image of women, which is of the lady as a vampire. This season she was typically clad in a draped dress of clinging white silk or in a curly suit with clear vinyl at the lapels and peplum to encase breasts and hips.

The theme was 20,000 years ago under the sea, which was wittily treated with the giant fossil and stalactite on the stage set and ice age colors: glacial white and blues. Crustacean appliques of patent leather turned a suede jacket into a dinosaur's hide.

Behind the showmanship, the silhouette had softened up, with Mugler's shoulders now drawn with a compass rather than a set-square. Layers of fabric like fish scales outlined hips on the fitted jackets that went with wide pants or clinging over-the-knee skirts.

The same effect appeared in slinky, long-legged swimsuits in shades of sea blue. And on an unsteady fashion day, Mugler's shark-fin accessories and snap-jaw decorations gave the collections some bite.

De Mita Says West Should Help Russia Restructure

By Roberto Suro

ROME—Europe can reap "unimaginable commercial advantages" by giving President Mikhail S. Gorbachev economic aid to carry out his program of restructuring the Soviet economy, according to Prime Minister Ciriaco De Mita. Economic and political cooperation between East and West, Mr. De Mita argued, will develop best if the Soviets are offered the financing, technology and managerial assistance they need to develop their economy.

Just back from a three-day visit to Moscow, Mr. De Mita said that Eastern Europe and the Soviet Union needed something like the Marshall Plan, the American program for European economic recovery after World War II.

Elaborating on that proposal Wednesday at a lunch for foreign correspondents, he said it was "undoubtedly in the West's interest to promote the growth of the market" in the Soviet Union.

Rather than direct transfers of resources and aid, he said, the Soviets "need help to enrich their productive system, even in the form of technology."

Aside from several long meetings with Mr. Gorbachev, the centerpiece of Mr. De Mita's trip was the opening Sunday of a huge trade fair that has drawn thousands of Muscovites to a display of Italian consumer goods.

During the visit, Italy signed an accord to provide the Soviet Union with export credits worth \$775 million, the first such deal by a Western government since the Soviet intervention in Afghanistan in 1979. On Monday, West German banks issued a somewhat similar credit package worth \$1.6 billion.

Mr. De Mita's eagerness to expand trade with the East bloc is clearly at odds with more cautious positions of the Reagan administration and some other West European leaders.

Asked about the limitations on transfers of technology through trade that Washington has sought to enforce, Mr. De Mita said: "The Soviet Union is a technologically advanced nation. They do not have problems of high technology. It is middle and low technology they need."

Envisioning full access to the East European and Soviet markets for manufactured and consumer goods, he said, "This will bring unimaginable commercial advantages if it happens."

Getting to Know 'the Masses' Poll-Taking, Once Vilified, Finds Niche in the East Bloc

By Michael Dobbs

MOSCOW—Last June, Soviet Communist Party leaders gave approval to poll-takers to extend their opinion research into taboo areas. The results were not long in coming.

An opinion poll published here in August indicated that only 28 percent of the Soviet population was satisfied with living conditions. Only one in three Soviets said they believed that government was responsive to the people. And fewer than 12 percent expressed satisfaction with public transportation.

Last April, it is now known, poll-takers in Poland sent a confidential memorandum to the government in which they described the socioeconomic situation in the country as "explosive." They reported that discontent had risen to dangerous levels while the credibility of official institutions had fallen.

Just two weeks after the memorandum was issued, Poland was wracked by its most severe labor turmoil since the suppression of the independent Solidarity union in December 1981.

Polks and poll-takers, once derided as unnecessary features of capitalism, suddenly have become politically fashionable throughout the Soviet bloc. As officials from Prague to Vladivostok grapple with the problem of introducing radical political and economic changes without provoking social upheaval, they have developed an uncharacteristic sensitivity to the opinion of "the masses."

"Under the old administrative-bureaucratic system, nobody cared what the people thought," said Tatiana I. Zaslavskaya, director of the government's new Center for the Study of Public Opinion, in Moscow. "As we build a democratic system, our leaders are finding that they must keep a finger on the popular pulse."

Opinion research institutes have been set up this year in 25 regional centers across the country. They also are proliferating in Eastern Europe. Czechoslovakia and Hungary established centers for the study of public opinion this year, following Poland's lead in 1983.

"The authorities need to know what is happening in society," said Stanislaw Kwiatkowski, a reserve Polish Army colonel who heads his government's public opinion research center. "But we also have to explain the divisions in society to ordinary people. The conviction that 'the way I think, everybody thinks,' is very harmful."

The new respect for polling represents a major ideological reversal for Communist governments that have long regarded unanimity—even sham unanimity—as a cornerstone of power.

Miss Zaslavskaya, 61, said the new generation of Soviet leaders understood that it was impossible to govern without "objective information." She added that the regular publication of polling data could have a positive influence on public opinion.

"Take ecology, for example," she

said. "For many years, Soviet people considered pollution as a fact of life. If they lived next to a chemical plant that was poisoning them, they regarded this as their fate. Since we've begun discussing these problems openly, however, they take a very different attitude."

Miss Zaslavskaya's poll-takers encountered suspicion when they first started asking people questions. In the provincial city of Perm in the Ural Mountains, she said, several residents called the police to report "suspicious people with questionnaires of some sort."

The Soviet research center devoted its first poll to whether factory managers should be elected by the work force. It found that the higher a person's position, the less enthusiasm he showed for worker self-management. More than 55 percent of factory managers, but only 8 percent of workers, opposed such elections.

A resolution adopted last June by the Communist Party's policymaking Central Committee called for the expansion of what it called "Marxist-Leninist sociology." It made clear, however, that the sociologists would be expected to support perestroika, the restructuring program of Mikhail S. Gorbachev.

"We cannot take the position of neutral observers," Miss Zaslavskaya said. "The information that we provide can be a powerful weapon in the hands of those leaders who support perestroika. It can become a weapon in the political struggle."

Lithuanian Party Eases Out Leader

Washington Post Service

MOSCOW—The Communist Party chief in Lithuania resigned Thursday, completing a political shake-up in the Soviet Union's restless Baltic republics over the last four months.

The removal of the party first secretary, Ringaudas Bronislovas Songaila, came on the eve of the founding congress of a grass-roots movement that has called for radical political and economic changes in Lithuania. Similar movements have been founded in the neighboring republics of Latvia and Estonia.

The timing of Mr. Songaila's resignation suggested that the Kremlin wants to reach an accommodation with mass movements that have emerged recently as a major political force in the three Baltic republics. But there are also signs that Soviet leaders are eager to prevent the wave of national euphoria among the Balts from spreading to other republics.

The Baltic movements have been campaigning for political and economic autonomy for the formerly independent republics, which were forcibly incorporated into the Soviet Union in 1940.

They have succeeded so far in persuading the Communist authorities to legalize national symbols that were outlawed after the Soviet takeover and to support moves to promote local languages at the expense of Russian.

The official Tass press agency said that Mr. Songaila, who has been in office only nine months, would be replaced by Algirdas Brazauskas, 56, who is regarded as a proponent of change. Supporters of the Lithuanian Perestroika Movement said that Mr. Brazauskas, a former party ideologist, appeared to be sympathetic to their cause.

The series of political shake-ups began in Estonia in June when the conservative party chief, Karl Vaino, was replaced by Vaino Valjas.

The effect of the new appointments, which were combined with changes lower down the hierarchy, has been to smoothen relations between the Communist Party establishments in each republic and the grass-roots movements there.

When the movements were started early this summer, they were treated with suspicion by the party leaders in the three republics.

President Mikhail S. Gorbachev has signaled his tacit support for the grass-roots movements by receiving new party officials who back his program of change, and by sending a message of greeting to the founding congress of the Estonian Popular Front. In a private conversation, a senior party official in Moscow described recent developments in the three Baltic republics as a "healthy process."

But at the same time, the Kremlin appears to have decided to prevent the nationalist movements from spreading to more populous republics like the Ukraine. The founding congresses of the Estonian and Latvian popular fronts received little attention in the press, and the circulation of several popular Baltic newspapers has been severely restricted.

Treaty Lets Foreigners Choose Inheritance Law

The Associated Press

THE HAGUE—Lawyers from 31 nations signed a treaty Thursday to revise international inheritance law and allow foreign residents to choose which nation's legal system they want applied to their estates.

A national, said a spokesman for the lawyers' group, Adair Dyer. The treaty is the result of the 16th session of the Hague Conference on Private International Law, a 36-nation body.

The treaty, which is expected to come into force in 5 to 10 years, says that "a person may designate the law of a particular state to govern the succession" to his estate.

Under the treaty, if a property owner living abroad does not choose which legal system should apply to the inheritance, the law of the country where he has been living for the last five years before death will prevail.

The nations that have signed the treaty are Argentina, Australia, Austria, Belgium, Canada, Chile, China, Cyprus, Czechoslovakia, Denmark, Finland, France, West Germany, Greece, Hungary, Ireland, Israel, Italy, Japan, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, Britain, the United States and Venezuela.



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A tragic anniversary slides by, and the memory of millions is betrayed.

BY RONALD S. LAUDER

Reprinted from The New York Post, Monday, August 8, 1988.
This past summer saw the 50th anniversary of the Evian Conference, at which the U.S. and 31 other democratic nations considered the fate of 650,000 Jews trying to flee Nazi terror in Germany.

Our democracies looked the frightened Jews right in the eye—and sold them out. Our failure to meet our moral responsibilities at Evian was an important piece of the mosaic which, not long after, led to the murder of millions of Jews and other peoples and to the extinction of their vibrant cultures.

Yet a half century later, on the commemorative date of that ignoble event, hardly one voice was raised, hardly one line written, in remembrance. It was in a climate of increasing terror, with tens of thousands of innocent and helpless people clamoring for asylum, that President Roosevelt organized the conference. It met in the French resort town of Evian; Stalin's Soviet Union and Mussolini's Italy refused to heed FDR's call.

The 32 nations met July 6-14 under the humanistic democratic precept that we are indeed our brother's keepers. But in the end, the free world would not provide even the fig leaf of comforting words for the threatened Jewish communities of Europe.

Britain's man proclaimed: "The United Kingdom is not a country of immigration." Australia's candid emissary said "...it will no doubt be appreciated that we (Australia) have no racial problem, (and) we are not desirous of importing one..."

And even the American delegate declared: "The U.S. will not modify its already liberal immigration policy." Democracy betrayed itself. Nazi Germany, which had not yet defined its policy of "final solution," permitted representatives of Jewish organizations within the Third Reich to go to Evian and plead for help. The World Jewish Congress was there, along with a number of other Jewish organizations. They were not accorded the courtesy of an opportunity to state their case, let alone any sympathy.

The end was clear. On July 8, 1938, the Herald Tribune reported: "Through their representatives at the Evian conference on refugees, the principal countries capable of receiving immigrants banded and bolted their doors today against the 650,000 Jews of Germany whose eyes are turned on this international gathering as a last hope of escape from Nazi persecution."

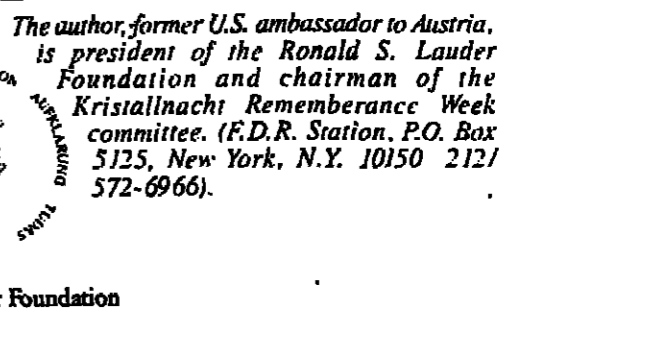
Both Nazi and Jew looked at Evian and got the same message: No one cared. Now the Nazis had the free world's signature on a license to do what they wished with an abandoned people.

Not to act is just as profound as acting. Forgetting is as decisive as remembering. How can we learn—and how can we teach—if we turn our backs not only on the countless victims, but on their memory as well?

The silence on this 50th anniversary is mute testimony to the fact that we have violated an important injunction—that which implores those that bear witness not to forget.

In November of this year both Christian and Jew will have the opportunity once again to participate in an act of remembrance. What the democracies encouraged at Evian found its expression on the night of Nov. 9, 1938: Kristallnacht, when Nazi Germany began the extinction of Jewish life and culture in Europe by burning synagogues and Jewish shops throughout the Reich, by beating and arresting thousands of Jews.

Again, no one spoke out. All Americans can join in next month to remember, and to dedicate themselves, 50 years after Kristallnacht, to behave today toward all peoples as we wish the world had behaved toward the Jews of Europe 50 years ago.



The author, former U.S. ambassador to Austria, is president of the Ronald S. Lauder Foundation and chairman of the Kristallnacht Remembrance Week committee. (F.D.R. Stanton, P.O. Box 5125, New York, N.Y. 10150 212/572-6966.)
Ronald S. Lauder Foundation

INTERNATIONAL Herald Tribune

The S&L Debacle

U.S. government regulators sell off seven more bankrupt savings and loan institutions at a loss of \$2 billion. Or is it two more S&Ls at a loss of \$2 billion? Like drug smuggling and toxic waste leaks, reports that thrift institutions have failed have become commonplace and no longer ignite indignation.

The Guinea Pigs Win

Six weeks before Ronald Reagan took office, a small group of elderly Canadians filed suit against the United States government in the U.S. District Court in Washington.

Other Comment

Movement in South Africa

The agreement reached in Harare between the South African Rugby Board and the African National Congress may, if blessed at the top level, have wider repercussions than the possible return of the Springboks, pride and joy of Afrikanerdom, to the international game.

Japan Should Face Its Past

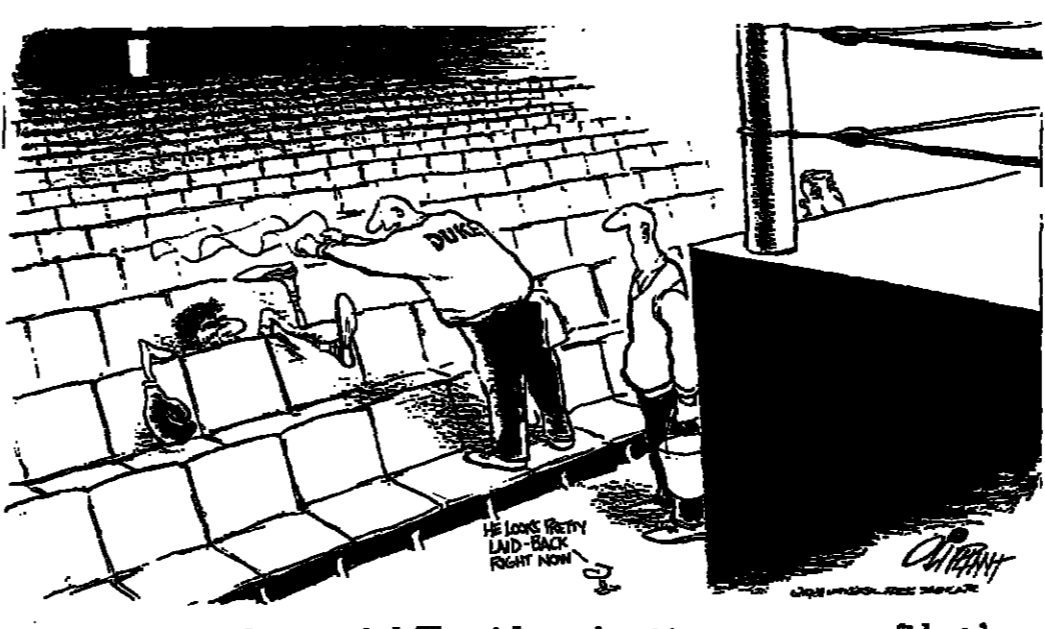
For much of the postwar period, Japanese nationalism has been stunted. After 40 years, this reluctance is diminishing. Japan is eager to make an international contribution commensurate with its economic power.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1988-1989. KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen.

OPINION Campaign: The Swing Vote Means It's Still a Contest

By Norman Ornstein and Andrew Kohut

NEW YORK — Despite George Bush's large and growing lead in the polls, the publication of Michael Dukakis's political obituary is a bit premature. No doubt the road for a Dukakis victory is long, winding and steeply uphill.



O.K., you got him worried. The trick now is not to appear overconfident.

Kohl Goes to Moscow: What Will the Chancellor Be After?

By Robert Gerald Livingston

WASHINGTON — Early last summer West Germany's top officials began conditioning allies, especially the United States, for an event which comes next week: Helmut Kohl's meetings with Mikhail Gorbachev.

Munich 1938: The Lesson About Military Strength Stands

By Norman Podhoretz

NEW YORK — The 50th anniversary of the infamous Munich pact came and went last month with a commemoration that was nothing short of amazing in being so glibly, so grudgingly, so perfunctory.

Munich: Two Misconceptions Endure

By Edwin M. Yoder Jr.

WASHINGTON — Norman Podhoretz has a point. "Munich" certainly has been thought to teach a variety of cautionary lessons. It may even teach those he mentions: peace through strength, and the need to be wary of the intentions of totalitarian governments.

alism to staunch environmentalism, pro-choice on abortion and support for civil liberties. But nearly 30 percent of this group voted for Ronald Reagan in 1984 out of a belief that the Democratic Party is unable to select good candidates, given effectively or protect their economic well-being. These concerns have kept many in the movable category this year.

ual priorities so forthrightly. The excuses are familiar: With their history, Germans cannot be seen to lead; comprehensive concepts must be coordinated in detail with all NATO allies first; Europeans should defer to the United States on arms reduction packages.

100, 75 AND 50 YEARS AGO

1888: New York Spires

PARIS — The twin spires of St. Patrick's Cathedral on Fifth Avenue, New York, have been completed. They are the tallest church spires in America and rank among the tallest in the world.

1938: Bombs Over China

SHANGHAI — Renewed Japanese aerial bombardments in Hunan Province yesterday [Oct. 19] and this morning killed nearly 1,000 Chinese and destroyed more than 700 buildings.

1938: Suffragette Freed

NEW YORK — Mrs. Emmeline Pankhurst was released from Ellis Island shortly after one o'clock and was met at the pier by Mrs. O. H. P. Belmont's automobile.

son had conferred with the Secretary for Labor at the White House, Mrs. Pankhurst's lawyer granted his client's pledge to be of good behavior and his promise not to preach militancy during her sojourn in this country.

Application

OPINION

The First Lady's Flub-Dubs Why They're Picking on Ben Johnson, The Fastest Scapegoat in the World

By William Safire

BOSTON — The first woman to bear the title "first lady" was Mary Todd Lincoln. Maligned as a Southern sympathizer, and suffering mental strain that ultimately led to her institutionalization, she infuriated her husband by her obsession with finery acquired at public expense. "Flub-dubs!" President Lincoln once shouted when presented with a list of expenses for mansion furnishings and dresses. "Flub-dubs!"

able to say. "See that gown on the first lady? For a mere \$22,000 I can do a similar one for you."

Thus, the well publicized modeling of clothes by the first lady has a specific value to the "fender." (Let's presume the garments and jewels were returned in timely fashion; if not, they may be construed as gifts subject to taxation.) The value to the "borrower" is also evident: She gets to wear the finery rental-free. That means there has been an exchange of something of value — the definition of a commercial transaction.

That's fine for a rock star or a Nobel prize winner, but for a public official it is unethical. "You may not use public office for private gain" has this modern corollary: "You may not use your spouse's public office for your private gain."

That is why the president's lawyer told her not to accept what seemed like designers' largesse — or, if she could not resist the temptation to bedeck herself dazzlingly, at least to make the transaction public and claim that it was to promote American fashion. For a public official's spouse to be "on the take" is wrong, plain and simple. Nancy Reagan knew it, hid it for years, lied when caught, and now seeks to have a flock of taxpayer-paid press agents explain her ethical lapse away.

The East Wing Dinner-Invitation & Source-Protection Association will spring to Mrs. Reagan's defense, as EWDISPA members so fiercely did when she meddled behind her husband's back in staff reorganizations and intervened in presidential scheduling (if Time's Jay Pezarsell and Nancy Traver are soocialized, they can have a drink with me on Westbrook Pegler's birthday).

Hang a sign on the White House: No tipping allowed. No royalties for White House Cookbooks; no honoraria for speeches while on the public payroll; and no flub-dubs for presidential spouses. "Family values" should not include the value of being in the first family.

The New York Times.

By Norman Post

MADISON, Wisconsin — From newspaper reports of the past month, you might conclude that the most contemptible human on the planet was Ben Johnson, the Canadian sprinter who tested positive for steroid use. He was sent home from Seoul in disgrace and stripped of his gold medal. He was made the subject of an official inquiry. Yet his infamy is difficult to comprehend. He committed no crime, unlike the Americans who stole a statue and got off with an apology. He inflicted no injury, unlike the water polo players who tried to maul each other, out of the judges' view.

Surely we do not condemn athletes who use technology to gain an advantage. Why else was the United States swimming coach so

ecstatic over a greasy new swimsuit that promised to cut hundreds of seconds off his swimmers' fastest times? American volleyball players, we were told, had improved their leaping ability by as much as 4 inches (10 centimeters) with the aid of sophisticated computer analysis of their profiles in motion. These technologies were presumably not available to some of the competitors.

Some claim a distinction between externalities — suits, sticks, shoes — and internal consumption of drugs that alter body function. I fail to understand this distinction. But even leaving that point aside, enemies of internal consumption can't hold their ground. Back at the track, distance runners were consulting with nutritional scientists about the optimal recipe of carbohydrate, fat, protein and water. Where did all that Gatorade come from — alligators? And everywhere, people were taking drugs to ease aches and pains.

In other professional sports, we are asked to believe that some drugs are excluded out of a paternalistic concern for the athletes' health. If this dubious assertion is true, it's an odd place to start a safety campaign. The mayhem of hockey and football kills and disables more young people each year than all the anabolic steroid toxicity ever reported in athletes.

Even if a drug poses a health threat, it does not necessarily follow that it should be banned. Whose business is it if Greg Louganis

wants to take another whack at the diving board with his bandaged head? On what moral basis do we dictate to competent young men and women what risks they may or not take? In America, autonomy has always been at the top of the flagpole: the right to be left alone, so long as you cause no harm to others.

Of course, there is some level of harm at which steroids would be intolerable. If the drugs killed 1 percent of users, for example, there would be no argument against prohibition, just as "spearing" (tackling with the helmet) is banned in football. But in the absence of evidence of substantial long-term damage from steroids, they should be treated the same as other risky aspects of sport: Let competent adults decide for themselves.

Which leads to the final, most troublesome claim about steroids: that one person's risk-taking "forces" others to do the same if they wish to compete. World-class athletes train and compete under no compulsion other than that from within. The increasingly dangerous and difficult tricks performed by the Soviet gymnasts "force," in some sense, others to crank up their routines another notch, risking injury. Does this mean that the Soviets are immorally "forcing" unwilling competitors to be dragged unwillingly into a sport that is constantly being redefined? And is the proper solution to ban the risk-takers?

There is much that is wonderful and glorious about sport and much that is amiss. Surely the idyllic notion of amateurism was lost a long time ago. When Brian Bosworth, the former student athlete and linebacker par excellence, tells us how much pleasure he derives from inflicting pain and injury on others, the damage to football as sport is more serious than the marginal harms of steroids.

I do not advocate steroids or any other performance-enhancing drugs. But I object to the moralistic tone of the prohibition. Ben Johnson as a national disgrace suggests that Mr. Johnson is being scapegoated, serving as a distraction from problems with sports that are more difficult to discuss, much less to change.

Dr. Post is director of the program in medical ethics at the University of Wisconsin. He contributed this comment to The New York Times.



Steroids Don't Win

AFTER viewing, listening to and reading the media coverage of Ben Johnson's involvement with steroids, and after his spectacular 100-meter performance in Seoul, I became concerned about the message that was being conveyed to young people. Aspiring athletes may have developed a misconception about the relationship between anabolic steroids and athletic performance as a result of this misleading coverage.

These aspiring young athletes have been led to believe that taking steroids was primarily responsible for giving Mr. Johnson that extra edge. The message seemed to be that the more steroids taken, the better the performance. Mr. Johnson and other athletes who have been linked to steroids have shown their greatness: It must be the "roids!"

While it is true that steroids will increase muscle mass, they do not make the muscle mass perform. Performance is dependent on training, and the elements necessary to proper training are psychological: perseverance, discipline, attitude and desire. Steroids do not increase these elements, which are "natural." Great track and field athletes, such as the hurdler Edwin Moses, excel without steroids.

point is that spectacular athletic performance is a result of hard training, not anabolic steroids. Five years of hard training will give a cardiovascular system more mileage than five years of steroids.

— James C. Vailas, M.D., assistant professor of orthopedic surgery and sports medicine at George Washington University, in a letter to The Washington Post.

It was so right, that victory. It not only did more for race relations than any number of human rights committees but also came as a triumph over Carl Lewis, a superb athlete whose arrogance, glitter and artifice reminded so many Canadians of what they find objectionable in their mighty neighbor to the south. Ben Johnson, the unpretentious immigrant who let his fist do the flying, seemed the perfect riddose. How proud we were. How far we have fallen.

— The Toronto Globe and Mail.

There was a malignant element in Ben Johnson's great performance, which enthralled millions of spectators the world over. There was a poison in those muscles that unleashed an extraordinary energy capable of rendering ridiculous the still-magnificent runners-up. A clear notion arises that nothing and no one can be completely trusted — not even heroes of a fable that should distract us from the troubles of life. Even this fable is rotten.

— Carlo Grandini in Corriere della Sera (Milan), quoted by World Press Review.

Nothing Borrowed, Nothing Gained

UNTIL someone says it is a crime for the first lady to make obnoxious displays of costly clothing in public, well, you can keep your criticisms to yourself, thank you. I, for one, fail to see the problem.

God forbid that we should return to the days of the fashion malaise when the Carters were in the White House. The president wore cardigans, or crying out loud, and walked in his inauguration. And his wife — always wearing humble threads, sometimes the same suit twice in one month. Do you want to return to those days of humility?

I say good for Nancy Reagan. She brought opulence, excess and disregard for public opinion back to the White House, where they belong. She set a standard for all women: Nothing borrowed, nothing gained.

— Dan Rodricks in The Baltimore Evening Sun.

LETTERS TO THE EDITOR

Glasnost, Selectively

In response to "Soviets Receiving VOA, Loud and Clear" (Oct. 8):

The opportunity to carry out the plans of the U.S. government's Voice of America radio network, from opening a Moscow bureau to using new forms of programming, is a result of Mikhail Gorbachev's efforts to open up the Soviet Union. But will President Gorbachev's glasnost be limited to the interests of the Soviet elite? Radio Israel's Hebrew-language reports are still jammed; it seems that the authorities do not want Soviet Jews to know their culture and language. Apparently, glasnost is still quite partial.

F. J. J. SCHUSSLER, Putten, Netherlands.

Strategic Defense Initiative who shared \$6 billion in mid-term election campaign funds provided by companies contracting for the space-based defense system. More recently, Mr. Quayle has urged proceeding with SDI and deploying limited anti-missile systems.

JULIA CELEBILER, Bougival, France.

Tax the Robin Hoods

Regarding "Blank Cassette Tax: One Critic's Reply" (Oct. 14):

Mike Zwerin uses ethical relativism to justify opposition to taxing blank audio cassettes. He reasons that because the music industry is enjoying a sustained period of economic growth, it is

permissible to appropriate its property. This Robin Hood rationale, which leads inescapably to the notion that it is acceptable to steal from anyone as long as he has enough money, is dangerous.

TIM ESKEY, Paris.

Equal With Differences

It may surprise Stephen Younger (Letters, Oct. 6) to learn that the women's movement is not concerned with "biological, physical or emotional equality." In their individual characteristics, women differ as much from each other as they do from men. What the movement seeks is equal opportunity and the right not to be repressed or discriminated against because of stereotyping.

In the same manner as he dismisses this human right for women as nonsense, may I suggest — "not unsympathetically," as Mr. Younger would say — that all men be denied equality for the reason that there are rapists, child molesters, defaulers on child support and philandering hypocritical husbands among them.

PATRICIA STRACHAN, Barcelona.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

Quayle and SDI

Recent editorials on Dan Quayle's character have not said much about his politics.

The International Herald Tribune reported in September 1986 that Mr. Quayle was one of six congressional supporters of the

HAVE YOU CHECKED STOCK MARKET CONDITIONS LATELY?

Table showing % change in £ sterling terms for various countries: Australia +43, Canada +23, France +24, W Germany +13, Hong Kong +19, Japan +23, Netherlands +21, Singapore +38, Spain +16, Switzerland +4, UK +6, USA +22.

As you can see, things are looking good on quite a number of fronts. Of course, no-one can say for certain what will happen in the future. But with many observers confident the present climate will continue, the outlook for stocks and shares is far from dull.



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Serbs Protest 'Betrayal'

Crowd in Kosovo Taunts Leaders

The Associated Press

PRISTINA, Yugoslavia — More than 20,000 Serbs in the province of Kosovo angrily protested Thursday the outcome of a top Communist Party meeting, with thousands tearing two Politburo members and ignoring their speeches.

Taunting the leaders with chants of "Thieves," and "You betrayed the people," a flag-waving crowd of about 5,000 turned their backs on Marko Orlandic and Kacuz Jasari when they arrived in a largely Slav suburb of Pristina, the provincial capital, to address the crowd.

The two senior party officials were eventually hustled away under police escort.

Later, a crowd estimated by a senior police officer at more than 20,000 formed at a nearby site for another rally protesting the Central Committee action, which was seen as a setback to the Serbian drive for increased control over its autonomous province of Kosovo.

Dusan Kerebic, a Serbian Communist closely identified with the Serbian party leader, Slobodan Milosevic, failed to win a vote of confidence at the end of a three-day session of the committee Wednesday.

The vote was seen as a blow to Mr. Milosevic, who has campaigned strongly for more Serbian control over Kosovo, which is dominated by ethnic Albanians.

On Thursday, the Kosovo Serbs gave vent to their anger, chanting "We will not give up Kerebic," and "Members of the Central Committee, you have shown your true faces."

The 200,000 Serbs and Montenegrins in Kosovo had hoped the Central Committee session would remove some of the ethnic Albanian Communist leaders of Kosovo from their posts.

But no action was taken and no measures announced to stop what the Slav minority alleges is constant harassment by ethnic Albanians. Thousands have left the province since ethnic violence that killed at least nine people erupted in 1981.

As darkness fell, the large crowd appeared to disperse peacefully.

Mr. Milosevic, meanwhile, defiantly told a crowd of workers in a Belgrade industrial suburb that only the Serbian party itself could decide whether Mr. Kerebic should resign from the federal party Politburo.

Specter of Tito Reigns Over a Turbulent and Immutably Yugoslavia



Slobodan Milosevic

By Jackson Diehl
Washington Post Service

BELGRADE — The defeat of the Serbian leader, Slobodan Milosevic, within the Communist Party this week has demonstrated the innate resistance of the country's chief ally on the ruling Presidium, rival ethnic leaders formed what a Communist official called an "unprincipled coalition" against Serbia and risked an even larger nationalist outpouring in the republic.

NEWS ANALYSIS

But the result appeared to be to restrict Mr. Milosevic's influence to his power base in Serbia, leaving him as only one of an array of overlapping and frequently fractious authorities in Yugoslavia.

For the victors in the power struggle, the party leaders in the western republics of Croatia and Slovenia, the outcome represents the reining in of a politician they view as a potentially dangerous demagogue who, by seeking to assert Serbian power, seemingly threatened an explosion of nationalist conflict that is a perpetual danger in this country.

At the same time, however, Mr. Milosevic's defeat also represented a victory for the entrenched political class that filled the gap left by Tito and which thrives on the system's decentralization and paralyzing checks and balances.

Overall, the decentralization has encouraged authorities in each republic to establish their own ministries that place its own economic, political and eventually ethnic priorities above those of Yugoslavia as a whole. Slowly but surely, both the party and the country have become fragmented, the economy has deteriorated and nationalism has grown.

It was logical that the fragmented system would eventually produce a Milosevic, or an ambitious nationalist leader in Serbia, just as it was logical that it would impede him from extending his power outside his own domain.

The Serbian leader, however, appears far from finished as a political force in Yugoslavia. On the contrary, Mr. Milosevic in many ways represents a growing movement for change that seems destined either to fundamentally reshape the country in the coming years or tear it apart in the effort.

Despite his clearly authoritarian tendencies, Mr. Milosevic backed the Serbian economic plan for a rapid move away from Tito's inefficient socialist system of "self management" toward a Western-style market economy. Moreover, Serbia has taken the lead in seeking to modify the power-sharing system so that federal institutions gain sufficient authority to prevent the country from slowly breaking apart.

Proponents of change also want to restructure the League of Communists, the name given to the Communist Party in 1952, so that it becomes more democratic internally and withdraws from a total monopoly of government power.

Curiously, some of Mr. Milosevic's strongest political opponents in Slovenia and Croatia are also among the strongest supporters of such change.

And some measures are moving forward. Even as party leaders reeled from the tumultuous end to the party plenum, the legislature was passing the first in a package of about 40 new economic laws.

But the system is further stripped of authority by the rule of rotation, under which the national president and party chief mechanically change every year to allow each republican province a turn.

Republican and provincial leaders are similarly required to shift every four years, with the result that some spend decades shifting among various top posts without ever being called to account for their performance.

Tito's system leaves a prepotent

Overall, the decentralization has encouraged authorities in each republic to establish their own ministries that place its own economic, political and eventually ethnic priorities above those of Yugoslavia as a whole. Slowly but surely, both the party and the country have become fragmented, the economy has deteriorated and nationalism has grown.

It was logical that the fragmented system would eventually produce a Milosevic, or an ambitious nationalist leader in Serbia, just as it was logical that it would impede him from extending his power outside his own domain.

The Serbian leader, however, appears far from finished as a political force in Yugoslavia. On the contrary, Mr. Milosevic in many ways represents a growing movement for change that seems destined either to fundamentally reshape the country in the coming years or tear it apart in the effort.

Despite his clearly authoritarian tendencies, Mr. Milosevic backed the Serbian economic plan for a rapid move away from Tito's inefficient socialist system of "self management" toward a Western-style market economy. Moreover, Serbia has taken the lead in seeking to modify the power-sharing system so that federal institutions gain sufficient authority to prevent the country from slowly breaking apart.

Proponents of change also want to restructure the League of Communists, the name given to the Communist Party in 1952, so that it becomes more democratic internally and withdraws from a total monopoly of government power.

Curiously, some of Mr. Milosevic's strongest political opponents in Slovenia and Croatia are also among the strongest supporters of such change.

And some measures are moving forward. Even as party leaders reeled from the tumultuous end to the party plenum, the legislature was passing the first in a package of about 40 new economic laws.

But the system is further stripped of authority by the rule of rotation, under which the national president and party chief mechanically change every year to allow each republican province a turn.

Republican and provincial leaders are similarly required to shift every four years, with the result that some spend decades shifting among various top posts without ever being called to account for their performance.

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Soviet Appointee Has Been Cool to U.S.

By Philip Taubman
New York Times Service

MOSCOW — A former ambassador whose foreign policy views include a conspicuous coolness toward the United States has been appointed head of an important Soviet foreign policy panel, the government said Thursday.



Valentin M. Falin

The official, Valentin M. Falin, has not always seemed in harmony with President Mikhail S. Gorbachev's effort to improve ties with Washington and the West.

Mr. Falin, director of the Novosti press agency and a former ambassador to West Germany, will head a newly reconstituted Central Committee department dealing with foreign policy, succeeding Anatoli F. Dobrynin.

Mr. Dobrynin, who served as ambassador in Washington from 1961 to 1986, was removed as head of the International Department on Sept. 30, the same day that four veteran members of the Politburo were retired, including President Andrei A. Gromyko.

The rise of Mr. Falin suggests that deeply ingrained doubts about the West, not unlike the skepticism that remains in Washington about Soviet intentions, will continue to play an important role in the development of Soviet foreign policy.

Mr. Falin, in an article published by Pravda in August, said the United States had been entirely to blame for instigating the Cold War. The full-page commentary said that forces in the West were con-

improved ties with the West are in the Soviet interest but that Moscow must remain wary of anti-Soviet hostility that is perceived as inherent in the capitalist system.

A number of top officials, including the Kremlin's new ideology chief, Vadim A. Medvedev, have been invited in recent weeks to reconcile the two views in a new ideological framework for Soviet foreign policy.

Mr. Falin, 62, is well known to Western diplomats and reporters. He served as ambassador in Bonn from 1971 to 1978. From 1978 to 1983 he was deputy head of the Central Committee International Information Department, which has since been disbanded, and he often traveled to the United States.

Before becoming head of Novosti in March 1986, he worked as a political commentator for Izvestia, the government daily newspaper. The Izvestia assignment was regarded as a demotion, and Mr. Falin seemed during the three years he worked for the newspaper to be out of favor with the party leadership. He is a candidate, or nonvoting member of the Central Committee.

Mr. Falin's principal deputies will be Yuri I. Mordvinov, Karen N. Brutents and Raphael P. Fyodorov.

Gennadi I. Gerasimov, a Foreign Ministry spokesman, said at a press briefing that Mr. Falin was appointed to the Central Committee post earlier this month and has already moved from Novosti head-

quarters to the Central Committee complex near the Kremlin.

Mr. Falin's appointment is one of several top-level changes in the party apparatus since the Politburo and Central Committee approved a sweeping reorganization late last month that is expected to cut the party staff by 50 percent.

As part of the reorganization, Alexander S. Kapto, a former ambassador to Cuba and top party official in the Ukraine, was recently named to head a reconstituted Central Committee Ideology Department. Mr. Kapto is a Central Committee member.

His department, which incorporates departments previously responsible for culture, science and propaganda, reports to a party commission on ideology that is headed by Mr. Medvedev, recently promoted to the Politburo.

A new department dealing with economic and social policy will be headed by Vladimir I. Shinko, until recently minister of the radio industry, a top party official said Thursday.

The Economics Department will report to a newly formed commission on socioeconomic policy that is headed by Nikolai N. Slyunkov, a Politburo member.

Other party commissions created at last month's Central Committee meeting will deal with personnel and party building, agriculture and legal policy. Each of these commissions is expected to have one or two departments reporting to it.

RIGHTS: Limits at Trials

(Continued from page 1)

in the aftermath of a terrorist outrage.

The ban, issued by executive order not requiring legislation, would not apply to Sinn Fein candidates during election campaigns, or to its one member of Parliament, Gerry Adams, if he takes the floor of the House of Commons.

The proposal announced Thursday, described by government officials in Northern Ireland as a "minor change in the criminal law," was described by a former Northern Ireland secretary, Humphrey Atkins, now Lord Coleridge, as part of the British legal fabric for hundreds of years.

But, he said, "I think there is a case for saying of course an accused can remain silent forever, but that fact is something which should be brought to the attention of the court."

People accused of terrorist crimes have been tried without jury in Northern Ireland since 1973, after a commission chaired by the late Lord Diplock concluded that "a frightened juror is a bad juror."

The broadcasting industrial council of the National Union of Journalists called on its 5,000 members Thursday to stage a day of protest, including work stoppages and walkouts to disrupt television and radio news programs, to express disapproval of the ban on broadcast interviews as a form of censorship.

BUSH: NATO Meeting Proposed

(Continued from page 1)

rather unrealistic view of America's role" in the world.

But he held his more biting criticism for a rally later in the Republican stronghold of Royal Oak, where he appeared on a stage at Kimball High School with former President Gerald R. Ford, who served as a congressman from Michigan for 25 years, 8 of them as the House Republican leader.

Mr. Bush talked of the killing on Monday of two Detroit police officers to highlight his Democratic opponent's opposition to capital punishment.

The officers were killed in a seven-hour siege by a man who was an outpatient of a state mental institution.

"I know that these officers' families and friends suffered a loss that cannot possibly be replaced," the vice president said. "But I would say that they are indeed heroes, and I think they should know that they are not alone in their grief."

Repeating a statement he made last week in his debate in Los Angeles with Mr. Dukakis, the vice president said, "There are some crimes that are so heinous, so outrageous, particularly the killing of a police officer in some narcotics-related crime—the killing of a police officer—is so outrageous that I do believe that the death penalty is required."

Sheila Tate, Mr. Bush's press secretary, denied later that the Republican nominee had been injecting politics into a personal tragedy.

"He's talking about law and order and crime," she said. "Police officers don't think that."

Aides describe Mr. Bush's dual message in the final days of the campaign as an attempt to alternate between a high-road campaign and one that they call "comparative."

They said that, while the vice president hoped to end on a positive note, he was unwilling to assume that posture completely unless it became clear that the election was unshakably in his grasp.

"The worst thing we could do is to change the strategy that got us here," a senior aide said.

Reaction of Allies

Mr. Bush's proposal for a NATO meeting early next year would receive a guarded welcome in Western Europe, government spokesmen in Bonn, London and Paris said in interviews with an International Herald Tribune reporter.

The officials decried a comment, directly, noting that Mr. Bush's remarks had been made in a campaign speech and were not a formal proposal.

Privately, officials in the three countries said that their governments would be gratified by Mr. Bush's signal that Western Europe and the East-West conflict would remain at the head of his priorities.

But they also speculated that a summit meeting might be premature in forcing a top-level discussion of issues, such as deploying new nuclear weapons, that European leaders believe are not ripe for decision.

A possible item suitable for such a conference, they said, would be formal adoption of the alliance agenda for pressing talks with Warsaw Pact on cutting conventional forces in Europe.

SCANDAL: Executive Arrested

(Continued from Page 1)

sign in an effort to save the administration.

"No one really knows where this matter is going anymore; it's a monster," one Diet aide said. "But it's very definitely more than a matter of slowing down the tax package."

The immediate focus of the public prosecutor's investigation is whether Mr. Matsubara, whose bribery offer of 5 million yen (\$325,000) was filmed by a local television station, acted on his own or as a representative of the Recruit Cosmos chairman, Hiromasa Ezoe.

Mr. Matsubara has contended that he acted independently of Recruit's board. It was reported Thursday, however, that the bribery funds, which were intended to soften the opposition's inquiries into the scandal, came from Mr. Ezoe's personal bank account.

Investigators appear to be seeking to establish a motive for the Recruit Cosmos share transactions. Informed analysts believe Mr. Ezoe, the company's founder, was trying to secure official favors for Recruit, which was then rapidly accumulating urban real estate in Tokyo and other cities.

Until the prosecutor's office acted, attention had centered on a Diet committee named in August to investigate the affair. But the case remained essentially political: While the ruling party controlled the investigative committee, the opposition continued to use the scandal to block the prime minister's tax package.

CAMPAIGN: Avoiding an Issue

(Continued from page 1)

build a strong and vibrant economic future for America on a mountain of debt.

But Mr. Dukakis went on to promise that he would restore the United States' position as "the most powerful and productive and dynamic economic force on the face of this globe" relatively painlessly. "I'm not going to be asking American workers to accept lower wages," he said. A Bush victory, he added, would "leave America running in place."

Many economists doubt that the next administration will be able to achieve much more than a run-in-place. The national net foreign indebtedness is approaching a half-trillion dollars this year—that is, Americans owe nearly \$50 billion more to foreigners than foreigners owe to Americans. That burden poses a major constraint on the prospects for the economy.

"Like the world's other debtors, whether large ones like Brazil and Mexico or small ones like Bolivia and Peru, America for the foreseeable future has no way to pay off this debt," writes Benjamin Friedman, a Harvard economics professor, in a book titled "Day of Reckoning."

"The issue is instead how to pay the interest," he wrote. "Even at fairly modest interest rates, the interest on America's debt by the end of the 1980s will take between 1 and 2 percent of our total income each year." That is a significant bite for an economy that is likely to grow no faster than 2 to 3 percent annually.

The candidates have avoided the implications of U.S. indebtedness, perhaps to avoid sounding pessimistic. Moreover, said Michael Barker, a Washington economic analyst, "these issues are complicated and messy; you can scarcely talk about them on the MacNeil-Lehrer show, let alone a campaign speech."

The problem could be eased by improving the national productivity and competitiveness, and Mr. Bush and Mr. Dukakis have advanced proposals to achieve that goal. Both men have vowed to bolster the U.S. educational system in the hope of bettering the skill levels of U.S. workers.

Beyond that, their approaches diverge sharply. Mr. Dukakis, who as governor of Massachusetts has involved himself in the decisions of companies in the state, has indicated that as president he would adopt a similar policy nationwide.

He has proposed giving "limited import relief to American industries" if they used the time to retool and retrain and become competitive. That would presumably involve intensive negotiations between the White House and industry representatives over where and how business should invest.

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GENEVA 3 · 8 OCTOBER 1989

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TRAVEL

- In the Heart of Central Java
- Drive a Bargain in Car Rentals
- Three Paris Bistros That Miss

International Herald Tribune

TRAVELER'S CHOICE

Landmark Hotel Restored in India

In Madras, where British India began 300 years ago, a grand hotel of the colonial period, the Connemara, is being restored. The Connemara, once the Palace of the Nawabs of Wallajah, had deteriorated as newer hotels began to rise in Madras. The hotel's oldest rooms are built around several courtyards with gardens and pools. Newer rooms in a wing added to the hotel some years ago are also being modernized, but lack the charm of the originals. The Connemara's nicest attraction, however, may be its outdoor Raintree Restaurant, which serves the classic Chettinad cuisine of southern India under pavilions and trees. Rooms range from about \$42 for a very basic single in the newer wing to \$120 for an older suite distinguished by antiques and pieces of Hindu art. A 20 percent state government tax is added.

Paris Artists Open Ateliers

More than 100 artists' ateliers and a dozen galleries in the Bastille district of Paris will participate in an open house, "Le Génie de la Bastille," Oct. 28-Nov. 1. Named after the statue crowning the Bastille's July Column (photo), the event this year has an international flavor. In anticipation of the 1989 bicentennial celebrations, and the designation of Paris as European Cultural Capital, each atelier has invited an artist from abroad to join resident artists in showing their work. Maps and information are available at a kiosk at the Place de la Bastille or the Ecole Nationale Supérieure de Création Industrielle, 49-51 Blvd Richard Lenoir.

A Manor for the Disabled

Disabled travelers can stay at a specially modified 19th-century manor house on an English estate. Called Park House, it is on the grounds of the Sandringham Royal Estate in West Norfolk, 115 miles (185 kilometers) north of London. Five years ago, Queen Elizabeth II presented the house to the Leonard Cheshire Foundation, which operates residence homes for disabled people. Built by Edward VII, more recently it was the birthplace and childhood home of Diana Spencer, now the Princess of Wales. Prices range from £26 (about \$44) a night for room and breakfast in midwinter, to £40 with full board in the summer; for a twin or double, rates range from £18 to £32 a person. Information: Park House, Sandringham, King's Lynn, Norfolk PE35EH, England.

The Siberia-Alaska Crossroad

"Crossroads of Continents: Cultures of Siberia and Alaska" at the National Museum of Natural History in Washington has nearly 600 objects on display for the next six months. Once closely linked, the Siberians and Alaskans documented in "Crossroads" are now separated by superpower politics. For the Soviet, American and Canadian scholars and curators who spent 10 years bringing these objects together, the garments, tools and religious charms are not only subjects for study and creations of beauty but also symbols of Soviet-North American cooperation. "Crossroads of Continents" is the first jointly curated Soviet-North American exhibit.

Eurailpass Valid in Hungary

Hungary will become the first East European country whose rail system is covered by the Eurailpass. Participation of the Hungarian State Railways from Jan. 1 will make Hungary the 17th country in the system. The U.S. price of the Eurailpass, which offers unlimited first-class rail travel, will go up next year: the 15-day pass to \$320 from \$298, the 21-day pass to \$398 from \$370. The passes cost 10 percent more in Europe.

Walker's Guide to Bloomsbury

A walker's guide to Bloomsbury, the London district with a long literary pedigree, is available free to visitors from Dillon's bookstore. The brochure includes a map with details of two dozen of the most famous residents, including Virginia Stephen (later Virginia Woolf) and her sister Vanessa, whose Gordon Square home was the first center of the Bloomsbury Group. Lytton Strachey, another Bloomsbury member, lived at no. 51 on the square. (Dillon's, 82 Gower Street, London WC1).

Primeval Nature For the Jaded On Krakatoa



Above the volcano on Krakatoa.

by Michael Richardson

CARITA BEACH, Indonesia — Our destination is an evil-looking hump on the horizon — Krakatoa — the site more than a century ago of one of the world's great natural disasters. Two separate boat trips are needed to get to the bleak and forbidding island, which Indonesian tourist officials view as an asset in developing West Java.

The first leg of the 30-mile (50-kilometer) voyage to the volcano in the Sunda Strait between the islands of Java and Sumatra, is short and easy. A canoe-like craft with a small outboard motor carries visitors from the shallows through the surf out to deeper water, where a seagoing fishing boat lies at anchor.

On the trawler, before the engine starts, passengers can hear the dawn chorus of bird song from the coconut and pandanus palms fringing the beach and the jungle cloaking the hills behind it. The swells rolling in from the Indian Ocean rock dozens of bamboo fishing platforms strung out across the entrance to Carita Bay.

A little more than a century ago, Krakatoa erupted in one of the most violent explosions on record. The island, six miles long and three miles wide, was torn apart. The final blasts on Aug. 26 and 27, 1883, were heard more than 3,000 miles away in Australia, the Philippines and Sri Lanka. The dust and gases hurled into the atmosphere produced spectacular sunsets around the world for months afterwards.

Three-quarters of Krakatoa collapsed into the belly of the seabed. Millions of gallons of ocean were sucked into the void, setting off tremendous gas explosions that triggered undersea earthquakes. This convulsion generated enormous tidal waves on both sides of the Sunda Strait. Some of these tsunamis hit the west coast of Java with such force that they swept almost 10 miles inland in some places. The final death toll was put at over 36,000.

DR. Halvany Michrob, an archaeologist and director of the Banten Museum, recently excavated the remains of one of the victims from that terrible time. Digging near Anyer beach north of here, he found the skeleton of a man covered by more than a three feet (a meter) of sand, lava and rocks which the tidal waves hurled onto the shore.

"Seeing that poor fellow hugging the earth and sheltering his head with one arm gave me a sense of real terror and helplessness," Michrob said.

Visitors to Krakatoa quickly sense the awesome and fickle power of nature. As the trawler draws closer, the hump becomes a 2,500-foot mountain that looks as though it has been sliced down the middle, leaving a sheer cliff face. This is all that remains of the original Krakatoa.

But in 1930, a series of eruptions below the surface of the sea in the collapsed crater of the mother volcano produced the birth of another island. The Indonesians called it Anak Krakatau — Child of Krakatoa. Slicing

Continued on page 11



Bed and breakfast lodging can be found in London neighborhoods such as Warwick Gardens in Kensington.

London's Bed & Breakfast Boom

by Donald Goddard

LONDON — Nobody in the travel business seems to care much anymore about the discerning tourist of moderate means. In London, as in most major cities around the world, the hotel chains have programmed their microchips to serve either the expense-account traveler or the packaged vacationer, trapping those who know what they like but can't always afford it between the basic \$165-a-night Sheraton Hiltons on the one hand and the truly basic cell blocks of the mass-market travel trade on the other. The current London Tourist Board booklet, *London Value Hotels*, lists only 120 reasonably central establishments where rooms may be had for around \$82

(calculated at \$1.65 to the pound) a night, for two, and many of those are, well — basic.

Worse still, in a way, is the loss of involvement. When traveling for pleasure, the aim, presumably, is not just to look at people and buildings through a bus window, but to catch something of the character and flavor of the place. For the discriminating, the pleasures of London were likely to begin, not at Heathrow's baggage claim or with immigration and customs, but upon arrival at some small, probably family-owned hotel in a quiet, slightly off-center neighborhood where the proprietors would take a friendly interest in helping their guests make the most of their stay. Even if no help were needed, visitors would at least feel they were in London, from that characteristic sense of

comfortable gentility more commonly found in private homes than public hotels.

Exemplified by the Wilbraham, off Sloane Square, and the Ebury Court, near Victoria Station, hotels of this kind are now easier to find in the country than in town. Unwary tourists, waking in London to a room furnished in plastic laminates and a breakfast of microwaved croissants could as well be in Frankfurt or Marbella as far as atmosphere is concerned.

So to whom can intelligent travelers now turn for old-fashioned standards of comfort and hospitality? The answer is, to their own kind. Riding a trend that may permanently change the travel habits of the middle class, London's professional families have dusted

Continued on page 11

Boat Extravaganza in Annapolis

by Robert C. Siner

ANNAPOLIS, Maryland — The leaves are turning red and gold, the birds are heading south for the winter, and the Boat Show returns to Annapolis.

The Boat Show opens each year on the first Thursday of October. It is the original in-the-water sail and powerboat show, the largest of its kind in the world. This year the show ran Oct. 6-9 for sailboats and Oct. 13-16 for powerboats. In 1989 the sailboats will be on display Oct. 5-8 and powerboats Oct. 12-15.

What makes the Annapolis show so special?

The short answer is the format and the setting. At the Annapolis show you have boats exhibited on the water against the backdrop of a colonial maritime town. The town and the show are like having a good wine with a good meal — each enhances the other. This symbiosis has made the Annapolis show more than just a waterborne trade fair. It has become an event attracting the serious sailor and the confirmed landlubber.

Displaying boats on the water may seem like the obvious thing to do. But of the dozens, maybe hundreds, of boat shows held annually around the world only six are in-the-water exhibitions. The others are held in exhibition halls in large cities, usually in winter. They have the all the ambience of a display of machine tools.

Even among the six in-the-water shows, the Annapolis show is special. The others are held in major cities, places where a boat show is just one event among many. The show is tucked away among the container ships, warehouses, and gantry cranes of large harbors, as out of place as a sports car among 18-wheelers.

In contrast Annapolis, with 35,000 inhab-

itants, is still very much a small town. Its harbor is populated by yachts and watermen's workboats. It has none of the facilities for oceangoing vessels that overwhelm the boat shows in other harbors. Instead the marinas, yacht clubs, and boatyards that line the Annapolis shore, the town's 17th- and 18th-century architecture make a perfect setting for the boats tied up along the city dock. The show becomes part of the town, it truly belongs in Annapolis.

Walk toward the show. It's not hard to picture yourself in a colonial maritime town,

It's the original in-the-water sail and powerboat show, the largest of its kind in the world.

its docks jammed with trading and fishing vessels, holystoned, painted and dressed in their holiday finery.

Climb aboard. You will feel the boat rocking gently in the swell, the wind humming in the rigging. Stand at the wheel, go below. Be careful, you might end up buying one.

THE 1988 sailboat show had more than 250 boats in the water and about 200 more on land. The powerboat show had about 450 boats afloat and another 250 or so ashore. This reflects the current state of the boating industry in the United States with powerboat sales booming and sailboat sales flat.

There were boats for all tastes. A luxurious 74-foot (22-meter) steel-hulled ketch from Denmark; a hand-built 10-foot wood-on sailing dinghy as beautifully crafted as the

finest hand-made furniture. Racing machines like the hot new 37R (for racing), the J33 and the Frers 41. There are boats with the fine lines of the classic racer-cruisers like the Block Island 40, possibly the most beautiful boat in the show; modern family racer-cruisers from 25 to 44 feet; strongly built off-shore cruisers including the new Crealock Circumnavigator 37, equipped with just about every gadget known to man. There were catamarans and trimarans.

The powerboats were equally diverse, including a 70-foot Hatteras double-cabin luxury yacht; a 20-foot reproduction of a tugboat that looks like it came from a children's story. There were powerful deep-sea fishing boats; seaworthy trawler yachts like the Grand Banks 42; high-speed performance boats; cabin cruisers and houseboats such as the classic 30-foot Chris Craft Constellation.

In addition 330 manufacturers of every type of boating equipment had booths in huge tents ashore. There were engines and generators, electronics, marine furniture, clothing, sails, and hardware for sail and powerboats.

Added attractions were a 96-foot Chesapeake Bay schooner; a restored Maine-built racing schooner, an 87-foot Coast Guard patrol boat, and a 17-foot floating scale model of the 18th century frigate "Federalist."

The show is not the only attraction. There is also Annapolis itself. Its layout remains almost unchanged from the days before the American Revolution. Many of the older buildings have been restored with some open to the public. A visit to the Naval Academy is also worthwhile. Guided tours of the academy and the town are available. There are numerous shops, boutiques and art galleries for every taste.

Dining: The steamed Chesapeake Bay

Continued on page 11

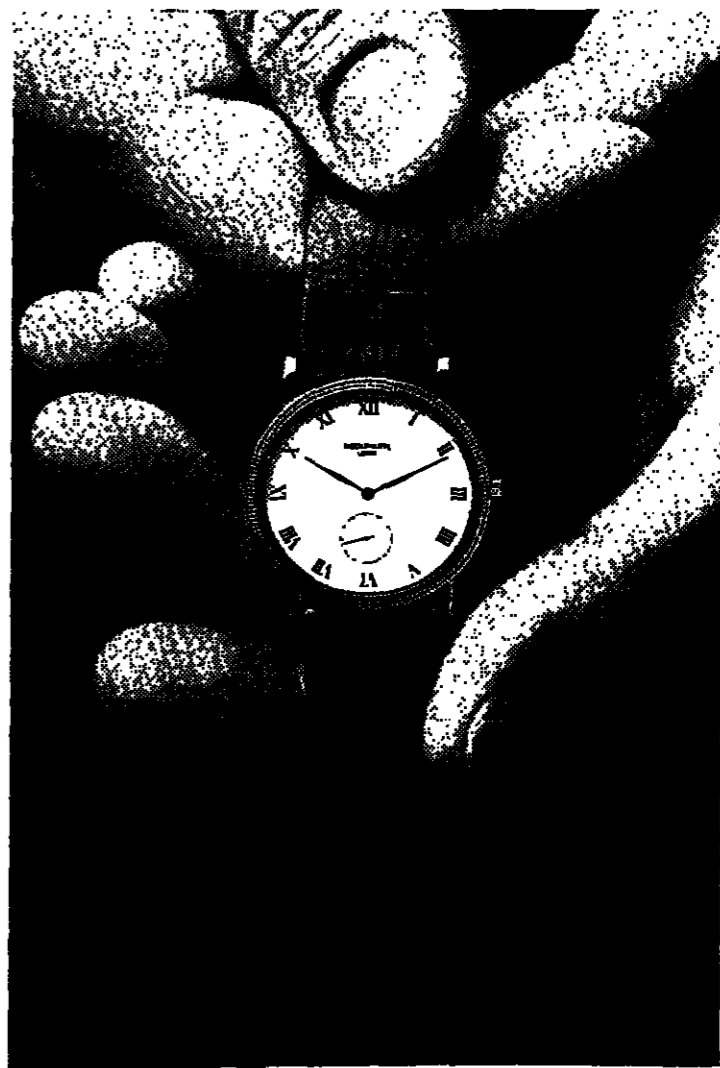
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TRAVEL

Finding the Zip In Dowdy Zurich

by Paul Hofmann

ZURICH — Visitors to Zurich will be struck by a new awareness of prosperity's threat to the environment. Posters and newspapers cry for cleaner air and water as well as respect for greenery. The city has started a \$50 million program to revive 50 streams that used to run from the hills east and west into the lake that hugs and the two rivers — the Limmat and the Sihl — that enclose its core. Decades ago the brooks were paved over; now they are being dug up to enliven the cityscape.

Promoters of a project to build a transportation and communications center a few hundred yards west of the Hauptbahnhof, the main train station, have promised not to cut down a tree. (The citizenry just approved the undertaking by a slim majority.) As part of Switzerland's Railway 2000 modernization drive, the complex is to include information services, a shopping mall, an auditorium, a hotel and apartments for 1,000.

The 119-year-old Hauptbahnhof hall will survive, serving as a general concourse. Today's travelers find it gutted, awaiting redevelopment, but on its rim eight restaurants keep functioning.

The train trip from Kloten Airport to the Hauptbahnhof takes 10 minutes and costs the equivalent of \$2.70. A two-hour city bus tour with English-speaking guide leaves at 10 A.M. daily from the Zurich Tourist Office at the south side of the train station. Price: \$11. An extended city tour, lasting two and a half hours and taking in the northeastern lakeshore, leaves from the tourist office at 11 A.M. daily and costs \$16.

Visitors who want to explore the city on their own can buy a 24-hour streetcar pass at vending machines at each stop; it costs 5 Swiss francs (about \$3.25). In the center of town the fare for a short trip is about \$1; longer trips cost \$1.30 or \$2. Children pay about \$1 regardless of distance. Have coins ready; the machines give no change.

Zurich's airport and train station swarm in winter with skiing enthusiasts, bound for winter sports centers in Switzerland and western Austria. Trains to the Upper Engadine Valley leave every hour, for the Tirol every two hours. The trip to St. Moritz takes three hours and 40 minutes; to Zurs and Lech (with a bus connection at Langen) a little more than three hours, to St. Anton three hours and 10 minutes. But Zurich's surroundings, too, offer ski slopes and ice rinks.

Zurich's hardy boosters sail the elongated Lake Zurich at all times of the year, and visitors might take advantage of a fair day in the colder months for a brief cruise. When the weather is favorable, a boat leaves once or twice a day from the landing near the Quaibrücke, where the Limmat flows out of the lake, sails to Kilsnacht on the eastern shore and Thalwil on the western shore and

returns to the Quay Bridge 80 minutes later. Fare: \$5.

Whenever that warm wind from the south, called the Föhn, blows, the air becomes glassy and the distant mountains seem close. Many residents become listless and complain about headaches while the newcomer who has not been exposed to years of Föhn spells may remain unaffected.

ANOTHER worthwhile fair-weather trip all year round is to the top of the Uetliberg. Trains leave every half hour from the Seinstation on the Sihl River. The ride takes 20 minutes; round-trip fare: \$5.80. The panorama from the Uetliberg embraces the lake, the city and the Alps.

For a view of Zurich from a less elevated vantage, spend 35 cents on a ride from the square on the east bank of the Limmat across from the Hauptbahnhof to a terrace in front of the Federal Polytechnic Academy.

The Kunsthau has just bought Barnett Newman's "The Moment I" for \$1.5 million. The work by the American artist, who died in 1970, joins a collection of modern paintings and sculptures ranging from Impressionism to the present. The Kunsthau also has Italian and Dutch Baroque paintings and works by the Swiss painters Böcklin and Hodler.

Chagall's 1968 stained-glass windows depicting biblical scenes in bold colors can be seen in the Fraumünster, the 13th-century Gothic church on the west bank of the Limmat. Windows by Giacomo are in the choir of the twin-tower Grossmünster on the opposite bank.

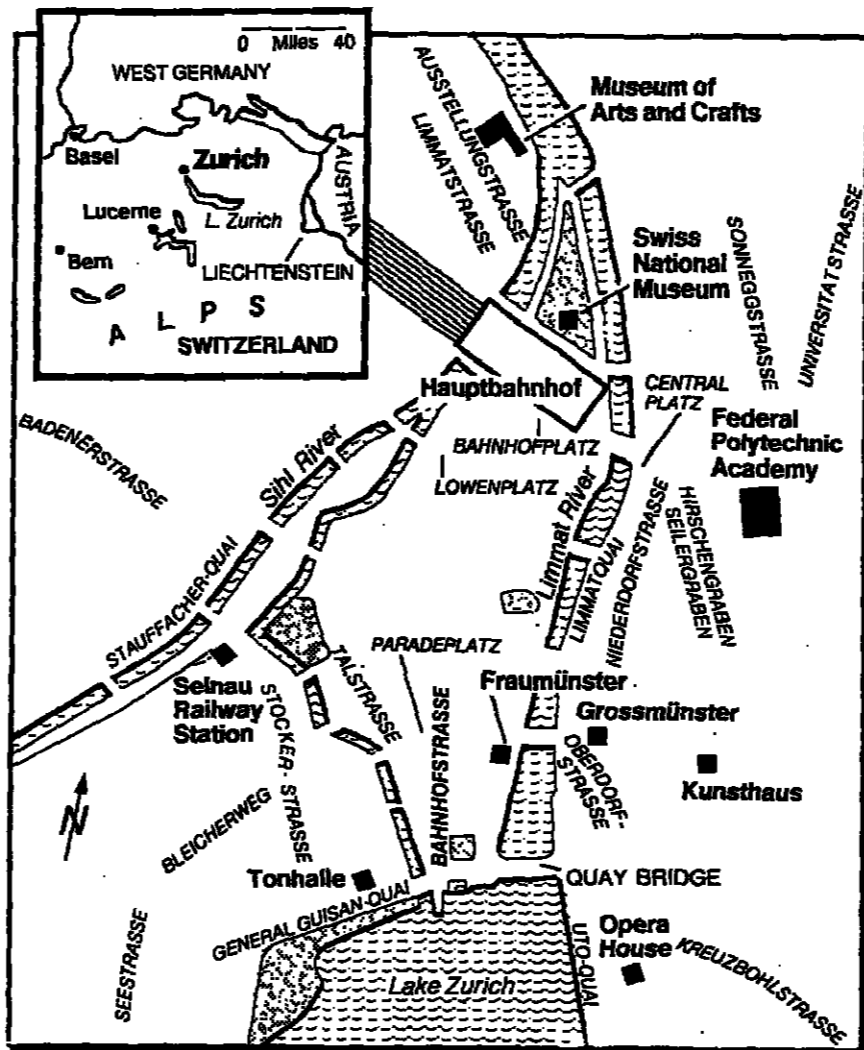
Non-European art from various epochs is on display in the Villa Wesendonck, the 19th-century neoclassical mansion in which Richard Wagner lived.

Poster art and graphics can be seen by appointment at the Kunstgewerbemuseum. The collection contains 200,000 artistic, political, cultural and business posters as well as drawings from the 16th century to the present.

The Schweizerisches Landesmuseum, the Swiss national museum on the north side of the Hauptbahnhof, is a visual encyclopedia of the country's prehistory, history, culture, handicrafts and folk art. Children delight in the crossbows and blunderbusses.

European toys of the last 200 years fill the Zurich toy museum on the sixth floor at 15 Fortunengasse. For other collections, get the free booklet "Museums in Zurich" from the Zurich Tourist Bureau.

THE opera house near the eastern lakefront is in the midst of a Mozart cycle. A new production of "Le Nozze di Figaro" by the late Jean-Pierre Ponnelle, conducted by Nikolaus Harnoncourt, will open on Feb. 18 with Hakan Hagegard or Thomas Hampson as the Count, Robert



THE FREQUENT TRAVELER Hunting for the Best Deal In the Car-Rental Jungle

by Roger Collis

CAR rental is a jungle. In a buyer's market, cutthroat competition has created such a bewildering array of rates that even savvy travelers may not always be driving the best deals. Yet bargains are abundant if you are able to plan ahead and know where to look.

One problem is that rentals can vary widely from country to country even with the same firm. So the person standing next to you at the rental desk may be paying much less for the same car for the same length of time because it was reserved say 48 hours in advance or for a minimum of three days. Pre-paying for rental abroad can save you up to 40 percent on a standard walk-in rate. And with conditions that are far less onerous than with discount airline tickets. What's more, you enjoy all the service — from a wide choice of cars to high-tech gizmos — of the major rental firms.

Rental firms do not make it easy for you. What irritates many people is when they find that the price has just about doubled when all those extras are added up — collision damage waiver (which can vary from 7 to 20 percent, depending on the firm and country) personal accident insurance and local taxes (for example, 15 percent in England, 25 percent in Belgium and 28 percent in France). It is best to opt for an all-in tariff with unlimited mileage and no hidden extras.

Most of the major firms market what they call "bundled" rates which include unlimited mileage and no hidden extras (tax is sometimes quoted separately). For example, Hertz has Business Class, with a free "rent it here, leave it there" service; Budget has Business Traveler; Avis has Business Class and Europcar a Business Plus program. They are limited to "executive" cars and require 24-hour advance reservation and a minimum three-day rental. They are not discountable.

Leisure deals worth looking for are Avis's Super Value, Europcar's Super Drive program, Hertz's Europe on Wheels, Affordable USA, Affordable World and Affordable Europe. Rates are about the same; the main condition is advance booking from abroad.

WHEN it comes to individual country rates, it's harder to figure out a good deal, although you can be sure that the major firms match each other's rates and special offers within that market. Take the case of Hertz France which promotes half a dozen local deals. Fly Air Inter to Paris and you can rent a Ford Fiesta for 437 francs (about \$70) for the weekend (2 P.M. Friday to 10 A.M. Monday).

The following checklist should help: Decide what you want and figure out the best deal before you hit the rental desk. You should know how long you want the car, where and how far you're going and how flexible you need to be. Always try to reserve in advance so as to take advantage of special rates; you save up to 40 percent by booking in one country for rental in another. Prepay-

ment with a travel agent can get you a guaranteed rate in your own currency. Book a small car in advance and you may get a bigger one at the same rate. If you rent a car for a day and only drive about 60 miles (about 100 kilometers) a standard time and mileage rate may be best, especially if you have a discount (discounts normally only apply to "rack rates"). On the other hand, if you want to drive a lot of miles in a short time you'll save money on a nondiscountable unlimited mileage rate. Check both the airport, off-airport and the downtown rates. These may vary up to 50 percent, even with the same firm. Be wary of drop-off charges. Some firms offer special one-way rates. It may be worth renting for longer than you need so as to get a cheaper rate. You might also be able to plan around a cheap mid-week or weekend rate. Certain airlines offer car rental deals. British Airways and SAS are tied in with Hertz; British Midland with Avis. Car rental can cost up to 1,000 miles in frequent flier programs.

MAKE sure you compare like with like. Car groups vary between firms and countries. Cars can vary a good deal within groups as well. And there is usually less price differential between the cheapest and medium groups than the more expensive ones. You may get better value by trading up slightly. (You should be warned: getting one without reserving ahead.)

Make sure you understand what the rates quoted by different firms include, as well as the conditions. What is the basic rental? Is there a mileage charge? If so, do I automatically go onto unlimited mileage after so many days (usually three)? Is there a mileage cap (this is common in the U.S. where you'll typically get 100 "free" miles and pay 25 to 35 cents per mile over that)? Is a rate discountable? Will you compare my discounted rate and the non-discountable special rate? If I go out on a special rate, will you best-deal me into the discountable rate if I finally don't hand the car in on time? Does this rate include collision damage waiver, personal accident insurance and local taxes? Or ads which make spurious comparisons with competitors by quoting a daily rate which may be 20 percent of the final cost when you add the extras. You are most likely to get the best deal by calling central reservations of the rental firm. Your local office may not know about special rates in another city. If you visit a city frequently you might want to shop for better deals with a small local firm.

Read the rental agreement carefully before you sign. If you're charging the rental, see that your discount code is entered in the little box; even if the desk clerk says you're entitled to a discount, central accounts might allow you one. Insist on having the charges calculated when you return the car: it is the easiest time to ask questions and sort out problems and can avoid endless hassles with the rental firm and credit card company.

Alexander as the Countess, Barbara Bonney as Susanna, Anton Scharinger as Figaro and Cecilia Bartoli or Brigitte Baileys as Cherubino. Recent productions of "Die Zauberflöte" and "Don Giovanni" will be reprised.

Also scheduled at the opera house are Bolto's "Mefistofele," Donizetti's "Fille du Regiment," Janacek's "Cunning Little Vixen" (first performance on Dec. 17, Bohumil Gregor conducting), Verdi's "Ballo in Maschera" (March 19), Wagner's "Siegfried" (April 23) and Britten's "Peter Grimes" (May 26).

John Cranko's choreography for "The Taming of the Shrew" with music by Kurt Heinz Stolze, based on melodies by Domenico Scarlatti, will be performed by the Zurich Opera Ballet on Jan. 14. Opera and ballet tickets range from \$8.50 to \$72.

Concerts take place in the Tonhalle, close to the western lakefront. Some outstanding events: Vladimir Spivakov conducting the Moscow Virtuosi (Mozart, Shostakovich, Rossini) on Nov. 12; Hiroshi Wagasugi conducting the Tonhalle Orchestra (Bach, Prokofiev, Honegger) on Dec. 22; the English Chamber Orchestra conducted by Fincas Zukerman (Vivaldi, Mozart, Beethoven) on March 6; the Tonhalle Orchestra with Teresa Berganza, Garcia Navarro conducting (de Falla, Joaquín Turina) on Jan. 22. Tonhalle tickets range from \$6.50 to \$16.

A sign in the window of Gibelina's, a jeweler at 36 Bahnhofstrasse, proclaims the trend of 1989: "Today's woman wears diamonds on every occasion, regardless of age or position, type or profession." Not just diamonds. In another window is a \$25,500 diamond-and-emerald necklace. Bahnhofstrasse is that kind of street — about a kilometer, or two thirds of a mile, from the train station to the lake, lined with elegant shops, boutiques and banks.

Hotel rates have not substantially changed from last year — \$45 a night for a room for two without private bath and without breakfast at the Simpson, near the Hauptbahnhof, or \$84 for two with showers and breakfast at the Sunnehuis, to \$230 at the four-star Central and \$300 for the best rooms at such hotels as Baur au Lac, Dolder, Grand and Savoy Baur au Ville.

Visitors without reservations should check with the tourist bureau at the Hauptbahnhof or the electronic self-service information board inside the station. For French and local cuisine, one of the best settings is Haus Zum Ruden, on the river in the heart of the old city. A drinking place of local nobility since the 14th century, the present building is a 17th-century guildhall. Gazpacho with crayfish at \$20 and fennel-flavored sea bass with mushrooms at \$34 were both satisfying at a recent dinner. Fixed-price proposals range from a \$22 business lunch to an \$84 seven-course menu degustation.

Paul Hofmann, author of "The Viennese," wrote this for The New York Times.

The Bistro Tradition Goes Astray

PARIS — The Parisian bistro — the venerable neighborhood institution that conjures up images of copious, hearty, no-nonsense meals and good times among friends, is in danger. That familiar place, where

the farm chicken with tarragon might well have come from a freezer. The wine, a Beaujolais Chirololes from Georges Boulon, is over-chilled, and the service thoroughly impersonal.

A dinner at Gènerique — an offshoot organized by the respected Alain Ducournier of Au Trou Gascon and the Carré des Feuillants — resulted in about the same level of enthusiasm. The food was maybe one level up from industrial cafeteria fare. Oddly enough, the best dish on the menu was a well-seasoned, all-American chile con carne, full of lovely red beans and chunks of meat. The rest — a thoroughly tasteless carpaccio of beef, a warmish platter of tartare of salmon — fed the body but not the soul.

La Niçoise — the newest offshoot of Le Manoir de Paris, run by Francis Vandenhende and his wife, Denise Fabre — is the best of the three newer "baby" bistros, but it is going to need a lot of work. Paris badly needs authentic Provençal food, Fabre is a native of Nice, and the menu has an authentic air, but the food seems to be cooked by people who have never been within 1,000 kilometers of Nice.

Take the fresh parpadelle, a mix of thick egg noodles and spinach puddles tossed with ham and sprinkled with finely ground black ol-

ives. The idea is fine, but the tasteless ham is chopped into such infinitesimal specks it seems like toy food. The salad nicoise had that same fussed-over, not really fresh quality, and the bouillon noir, blood sausage advertised as highly spiced, was mushy and bland.

Give us big salads of mesclun showered with the best olive oils of the region. Give us warming vegetable gratins, full of the fresh flavors of the south. Give us freshly tossed platters of the best pasta, seasoned with the herbs of Provence. Then we'll come flocking to fill our souls and our bodies with sustenance.

Le Rond de Serviette, 16 Rue Saint Augustin, 75002 Paris; tel: 49.27.09.90. Credit cards: Eurocard, Visa. About 150 francs.

Gènerique, 95 Boulevard du Montparnasse, 75006 Paris; tel: 45.48.45.50. Credit cards: American Express, Diners, Eurocard, Visa. Open daily. Menus at 89 and 128 francs. A la carte, 150 francs.

La Niçoise, 4 Rue Pierre-Desmours, 75017 Paris; tel: 45.74.42.41. Credit cards: American Express, Diners, Eurocard, Visa. Closed Saturday lunch and Sunday. About 180 francs. (Prices are per person, including wine and service.)

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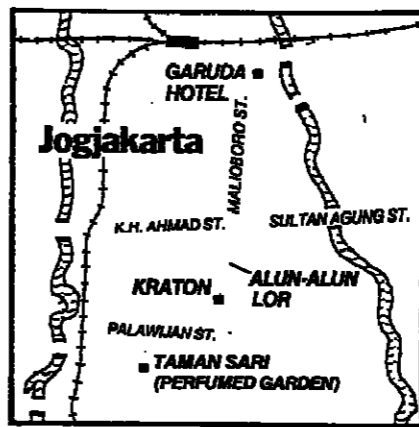
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TRAVEL

Central Java's Rich Cultural Mix

by Barbara Crossette

JOGJAKARTA, Indonesia — All the cultures of the East — Hindu, Buddhist, Islamic and animistic — have been converging and blending for centuries in Southeast Asia. But nowhere, from Indochina and Thailand south to Australia, have they produced in one place a living museum of such quality and scope as within a 100-mile radius of Jogjakarta.



The New York Times

Jogja is not an old town, certainly not by Asian standards. But it has grown since its 18th-century founding into a cultural capital of Central Java and, by extension, much of Southeast Asia. A small city with a pace entirely its own — full speed at daybreak and after sundown, with the longest siesta in the world in between — Jogja is the heart of a historical landscape with temples rivaled only by the Angkor complex of Cambodia.

The temple raises a minute portion of the earth to superior importance, the French scholar Jacques Dumarcay wrote in the introduction to "The Temples of Java." He could have been inspired by Prambanan, whose unexpected Indian-Hindu shapes rise suddenly at the edge of a nondescript town. Or Plaosan, a Buddhist shrine in a farming village a few miles away. Or Candi Sukuh, with its Mayan-like pyramid, on a mountain-side east of Solo. And, of course, Borobudur, a mountain of a temple that some classify as one of the world's wonders.

The Javanese were religious animists when Hinduism and Buddhism began to arrive from India in the first or second century. Temple ruins from the seventh and eighth centuries indicate that Hinduism, probably brought by merchant voyagers, had taken firm root, the faith of some early Javanese rulers. Buddhism grew also, unlike in India, where it all but disappeared, to be rescued by the Sinhalese of Sri Lanka and later spread to the Burmese and Thais.

In Java, Hindu-Buddhist dynasties rose and fell, culminating in the 13th-to-16th-century Majapahit Empire, based in East Java. During the Majapahit period, Central Java appears to have fallen into decline, or to have been subjugated. With the arrival of Islam, under whose banner new kings conquered the Majapahits, the kingdoms of Central Java were reborn.

Jogjakarta, now a busy commercial and university town, is the best base for touring Central Java. (Indonesians spell the city's name Yogyakarta, but pronounce as if it still had 'j's, as in Jakarta or Java.) But a few days can also be spent pleasantly in Solo, officially called Surakarta, another royal capital about 40 miles to the northeast. Its atmosphere is certainly more relaxed.

There are several small palaces, or remnants of palaces in the Jogja area. But when residents and visitors talk about the kraton, they mean the 18th-century home of the Hamengkubuwono sultans, Islamic rulers whose royal power was stripped from them only in the 1950s. The family still plays a democratic political role in Indonesia, and still lives in the kraton.

A Javanese palace compound is always distinguished by a broad open space to the north, called the Alun-Alun Lor. The Alun-Alun Lor serves as a public park. The palace

complex, a collection of pavilions, halls and open spaces where court retainers in traditional Javanese dress wait in attendance, covers hundreds of acres and is home to thousands of people, including artisans and university students. At the end of the colonial period, the sultan offered part of his palace to begin a university, which became Gadjah Mada. The university has now moved to a spacious campus, but some faculties continue to use palace buildings.

The kraton's Javanese pavilions, called pendopo, were the architectural inspiration for Jakarta's imaginative new Sukarno Hatta International Airport. The pavilions' construction began in the mid-18th century, during the long reign of Mangkubumi — Hamengkubuwono I — and culminated at the end of the century with the completion of the large central reception hall, the Bangsal Kencono, or Golden Pavilion.

BUILT of teak with a marble floor, it combines Hindu, Buddhist and Moslem motifs, but the overall impression is Javanese. These are not European-scale palaces, but Javanese kings have great spiritual power, and their homes are treated with the greatest respect.

Not far from the kraton, through the Ngasem — or bird market — is Taman Sari, the Perfumed Garden. Called the Water Palace by Dutch and English colonialists, this was once a remarkable pleasure garden of pools and flowering fruit trees around private bedrooms, built by Sultan Mangkubumi for hours of dalliance.

Leaving Jogja in almost any direction is an adventure. The most commonly recommended trips are to temples: the magnificent Buddhist Borobudur, about 25 miles northwest, or the collection of Hindu and Buddhist shrines for about 10 miles to the northeast, along the road to Solo. The latter group includes Prambanan, Plaosan and at least half a dozen others, and they can be visited en route to Solo.

Borobudur, a pyramid of ornamented terraces, rises suddenly from the landscape. Though it may have had Hindu origins, it took on its present Buddhist form, representing the universe of worldly, spiritual and heavenly spheres, in the eighth and ninth centuries. A true worshiper would walk around its successively rising terraces in a clockwise direction to reach the top, passing

reliefs describing the life of the Buddha and illustrating sacred Buddhist texts.

Scholars say there are still many questions to be answered about who built Borobudur and why and how. Its origins and details about its myriad carvings fell into obscurity because the temple site was apparently deserted not long after its completion. It was not until the brief, early-19th-century British colonial period in Java, under Sir Stamford Raffles, the founder of modern Singapore, that Borobudur was cleared of jungle, to the astonishment of its discoverers.

About 60 miles farther northwest are Central Java's oldest ruins, on the Dieng plateau. The temples of Dieng, most dating to the seventh and eighth century and all apparently dedicated to the Hindu god Shiva, are scattered on a rise, more than 6,000 feet above sea level, formed of a dead volcano.

The Prambanan complex, also a shrine to Shiva — with two smaller temples to Vishnu and Brahma on either side — is something of a work in progress, still being restored by the Indonesian government. Although there were more than 200 temples in the Prambanan plain, the main temple to Shiva is the most dramatic and most complete in its architecture and carvings.

The temples outside the Prambanan complex — Kalasan, Plaosan, Ratu Boko, Sambisari, Sari and Sewu — are witness to the eclectic philosophical base of Javanese religious and cultural life, a theme frequently impressed on the visitor by Indonesians. Four, including Plaosan, in its peaceful rural setting, are Buddhist. At least one, Ratu Boko, may be a mixture. But Javanese visit them all, according to legend and need. To people from other Indonesian islands, the Javanese can be just as mysterious as they appear to foreigners.

To complete the Javanese spiritual spectrum, a trip south from Jogja to Parangtritis, on the wild south coast, brings the initiate into the realm of something, or someone, primal and unseen: Ratu Loro Kidul, the Queen of the Southern Sea. Loro Kidul is said, rises from an ocean of treacherous undertows to lure men (especially those dressed in green) to their deaths. She is also regarded as a heavenly consort of all Javanese sultans.

SOLO, the old capital of Java's Mataram Empire, feels like a town built for sultans. Two kratons are to be found here, and both — the Mangkunegoro and Hadiningrat — are open to the public, the latter restored after a recent fire.

The larger Hadiningrat kraton is in the center of town and has the atmosphere of a public park on a busy day. Both palaces have museums, and offer occasional gamelan concerts. Solo also has the Radya Pustaka Museum, with a kaleidoscopic collection of Central Javanese arts and artifacts.

From Solo, a journey through the heart of Javanese village life can be made to the temples on Mount Lawu. There is a more compelling reason to make the trip to Mount Lawu. The images of rice fields and hamlets perched on the hills will be enduring. For centuries, the Javanese have lived this way, between their rice fields and their gods.

© 1988 The New York Times



The stupas of Borobudur, which has more than 400 figures of Buddha.

Bed & Breakfast in London

Continued from page 9

off the old idea of bed and breakfast and solved the problem of how to find them by setting up centralized reservation agencies.

Just one of these, the World Wide Bed and Breakfast Association, for example, now represents more than 900 homeowners in the United Kingdom, about one-tenth of them in London, and is actually challenging the major hotel chains, like Travelhouse Forte, by providing close on half a million bed-nights a year — most of them offered by solicitous hosts in well-to-do households, often furnished with antiques, usually with private bathrooms, and priced in London at between \$33 to \$50 a night per person, including the sort of breakfast that can do away with lunch. No tax. No tips. No extras.

SO great has been the response from neglected individualists that the British Tourist Authority booklet, Stay With a British Family 1988, lists no fewer than 25 other B & B booking agencies covering the London area, specializing in placing young people, language students, culture addicts and other specialized groups.

The trend would probably have started sooner but for the old image of the boarding-house madame who used to kick her paying guests out, rain or shine, by 10 A.M., and not let them in again before 6. The run-down bed-and-breakfast joints clustered around the main railroad terminals also did little to glamorize the idea, but economic pressures, not only on overseas visitors but on professional families with expensive London homes to keep up, have won down prejudices on both sides.

Used to staying in one another's houses and entertaining people at home, English middle-class couples with a room or two to spare now that the children have grown up and moved out are finding it surprisingly easy to offer a kind word, a glass of sherry and a bed to travel-weary strangers showing up with their bags on the doorstep.

From the tourists' point of view, however, reservations about going B & B are sometimes deeper and more various. By and large, they know what to expect from hotels, but who knows what awaits them at a private address in Kensington or Parsons Green?

While it is obviously impossible to grade private homes in the same way as hotels, the reservation agencies must be choosy, for one bad apple could spoil their whole barrel.

After unannounced inspection of a dozen rooms booked through the World Wide Bed and Breakfast Association and the At Home in London agency, it is clear that standards of comfort and cleanliness are exemplary — at least as good as in a five-star hotel and in most cases better, reflecting the difference between sensitive hosts taking pride in their own homes and itinerant hotel staff doing as little as they can get away with. The same distinction can also be made in standards of service. For a family with guests in the house it becomes a matter of honor to see that they have a good time. How many hotels will show them the sights just for the fun of it, or foil an egg for precisely three minutes?

"Every day we get people asking to join the association," says Sigourney Wales, who heads up the bed and breakfast association. "but we reject 85 out of every 100. All our members are nominated by satisfied clients, but before we take them on, one of our directors will stay with them incognito and has to report favorably on the house, the

hosts and the general level of comfort and convenience. Even if they pass the test, they're not allowed to rest on their laurels. We have 49 inspectors going around to make sure standards are kept up. If anybody slips, out they go."

Though there are degrees of luxury, reflected in the scale of room rates, an ineluctable requirement is that there must be at least one bathroom to two bedrooms, and that every house must be near an Underground station.

Although association members are scattered all over London, about 25 are clustered around Parsons Green. Similar concentrations are administered around nearby Stamford Brook station by the At Home in London agency, and around Ealing Broadway by London Home to Home, the reasons for this being mainly demographic. A broad belt of inner West London was colonized by the emergent middle classes in Victorian and Edwardian times, and their commodious villas, filling in between earlier Georgian enclaves, remain among the most coveted of homes for today's professional families by virtue of their size, neighborhood amenities and ease of access to the city center.

MAGGIE Dobson, who runs At Home in London from her family's Georgian terrace house near Stamford Brook (one single or double room, with or without private bath) has made it to Harrod's, door to door, in 21 minutes, and, she rightly points out, it can take longer than that by taxi from Piccadilly Circus in the rush hour. Journey times, and cab fares, to and from Heathrow are also about half those to and from Mayfair.

But if comfort and convenience are more or less guaranteed by reserving B & B's through a reputable agency, what about the restrictions, traditionally associated with staying in other people's houses? Or if not restrictions, then the inhibitions involved in sharing someone's home? And what if guest and host turn out to be incompatible?

None of the leading agencies will concede there is any such problem in practice. On

arrival, guests are given a key and are then free to come and go as they please. In most cases, they are also free to use the garden and the rest of the house as their own.

The only inhibitions anybody need feel, says Maggie Dobson, are those of any civilized person when staying with a friend. They would not normally drink all the host's Scotch, for instance, or stub cigarettes out on the furniture, or polish their shoes on the bed linen. As for incompatibility, Dobson started At Home in London almost two years ago, and has kept about 60 personally inspected rooms more or less continuously occupied ever since without so much as a cross word — so far.

UNLIKE the World Wide group, At Home in London charges a standard rate of about \$26 a night for a single room, \$46 for a double, and \$62 for a double with private bath for a minimum three-night stay, with breakfast included and no extras. London Home to Home operates on a similar basis, with singles at \$26, doubles at \$44, and a few family rooms, sleeping three, at \$61 per night (minimum two nights). Visitors with young children may find a restricted choice at all three agencies, but children of 10 years or over are rarely a problem. Many host families will have sons or daughters away at boarding school, and in term time can often be persuaded to allow young guests to use their children's rooms.

In no sense should the new B & B be thought of as second best. Not even at Claridges will visitors be looked after the way they will be at Parsons Green.

Lasting friendships are made this way. As Sir Francis Bacon observed some 400 years ago, when B & B was also the traveler's best option, "if a man be gracious and courteous to strangers, it shows he is a citizen of the world, and that his heart is no island cut off from other lands."

Donald Goddard lives in London. His latest book, "Undercover: The Secret Lives of a Federal Agent," is to be published next month by Times Books. He wrote this for The New York Times.

Annapolis

Continued from page 9

blue crab is a heavenly gift to mankind. Asking at the boat show or at your hotel where the best place to go for steamed crabs, you'll probably set off a discussion and end up with the names of a couple of places.

Eating steamed crabs is not for the fastidious. Your implements of destruction are a wooden mallet, a nutcracker, a sharp knife, and a fork. Your waiter or waitress or someone at a nearby table will be happy to show you how to disassemble the critters. Make sure you dress casually.

The appropriate drink with steamed crabs is beer.

Then there is Old Bay, a spice blend that is part of the Chesapeake region. The main ingredient seems to be cayenne pepper. Used in moderation it brings out the flavor of seafood and poultry. It is NEVER used in moderation.

The steamed crabs will come out coated

with the stuff. The idea is to get lots of paper towels or napkins and just wipe most of the Old Bay off. Make sure that lots of your favorite beverage is available, and whatever you do, don't wipe your eyes.

Old Bay also turns up in soups, in salad dressing, even in lump crabmeat cocktails. Warned in advance, you can ask that your food be prepared without it.

For the less adventurous there are many good restaurants in the area. Dominique's, the Middleton Tavern, and the Treaty of Paris are the best I've eaten in. If you have access to a car you might try Caspers, or Conrads, possibly the best restaurant in the area. It looks like an abandoned service station.

On the harbor, there are many taverns at which you can get food, sip your drinks and watch the boats sailing. If you plan to stay over in Annapolis, the town hotels include a number of 18th century inns.

Exploring Krakatoa

Continued from page 9

through the cobalt water that surrounds this ugly sibling, our boat anchored near a black sand beach. After we clambered ashore, the crew, grinning hugely, pointed the way to the summit.

Since its birth, the little Krakatoa has been growing steadily. Periodic eruptions have heaped layers of ash and lava on its surface. The summit of the island's live crater is now more than 600 feet above sea level. In the burning heat of the midday sun, climbing in this hellish landscape is an exercise in masochism. There is almost no vegetation on the gray ash flanks of the volcano. Steam, sulphur and other noxious fumes hiss from vents in the side of the mountain, while smoke coils from its crater.

Axel Ridder, manager of a hotel at Carita Beach that organizes boat trips to Krakatoa, wears a T-shirt emblazoned with a fitting slogan: "Let's Erupt Together." About 2,500 foreigners visited the island last year. "They are totally crazy, ja!" Ridder observed cheerfully.

A doctor of philosophy from the University of Cologne, he has developed a volcanologist's fascination with the primeval power of the temperamental child of Krakatoa since he arrived at Carita in 1973.

He had resigned as head of a business management school in Jakarta funded by the West German government.

To Ian Thornton, a zoology professor at La Trobe University in Melbourne, Australia, the volcano is "one of the most fascinating areas in the world." He has led several scientific expeditions there to study the way once sterile volcanic islands are colonized by plants and animals, much as the world as we know it began.

Seeds brought in bird and bat droppings have established trees and plants on little Krakatoa. This slowly spreading vegetation has attracted more than 20 species of land birds. Lizards and snakes have also come to the island, probably by floating on logs.

Visitors to the outer crater, which is no longer active, can see tufts of grass starting to spread. A few man-sized cactuars have taken root and ferns sprout in the shade of black basalt rocks.

Indonesia's tourist planners see Krakatoa as an asset for the future development of West Java. The region has some attractive beaches, beautiful islands and unspoiled mountain ranges. At its southern extremity, is the Ujung Kulon Na-

tional Park, a refuge for the rare Javan rhinoceros and many other wild animals and birds.

Soesilo Soedarman, the minister for tourism, said that over the next few years roads leading from Jakarta to West Java would be improved, electricity supplies extended in the area and holiday resorts developed. Some officials see the area as a second Bali, attracting foreign visitors as well as vacationers from Jakarta and other parts of Indonesia. Japan's International Coopera-

tion Agency is making a feasibility study for the Indonesian government.

Beach chalets are mushrooming along the coast north and south of Carita Beach.

And whatever the planners decree, it is hard to imagine that an eight-hour boat journey to and from Krakatoa, and a hard slog up its internal slopes, will hold much appeal other than for people looking for what amounts to an adventure.



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Vol.	High	Low	Last	Chg.
RJR	11828	77 1/2	77 1/2	+ 1/2
IBM	4677	121 1/2	121 1/2	+ 1/2
AT&T	3217	27 1/2	27 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	+ 1/2

NYSE 4 p.m. volume	19,580,000
NYSE 4 p.m. volume	21,400,000
Amex 4 p.m. volume	1,900,000
OTC 4 p.m. volume	1,200,000
NYSE volume up	14,900,000
NYSE volume down	2,600,000
Amex volume up	2,000,000
Amex volume down	2,000,000
OTC volume up	1,200,000
OTC volume down	1,200,000

High	Low	Close	Chg.
Composite	1953 1/2	1953 1/2	+ 1 1/2
Industrial	1953 1/2	1953 1/2	+ 1 1/2
Finance	1953 1/2	1953 1/2	+ 1 1/2

Thursdays
NYSE
Closing
Via The Associated Press

Class	Prev.	Chg.
Advanced	297	+ 1
Unchanged	297	0
New High	297	0
New Low	297	0

Class	Prev.	Chg.
Composite	2317	+ 1/2
Industrial	2317	+ 1/2
Finance	2317	+ 1/2

Stock	Vol.	High	Low	Last	Chg.
Amgen	2317	23 1/2	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	23 1/2	+ 1/2
Amgen	2317	23 1/2	23 1/2	23 1/2	+ 1/2

Class	Chg.
Bonds	-0.02
Utilities	-0.01
Industrials	-0.01

Class	Prev.	Chg.
Advanced	11	+ 1
Unchanged	11	0
New High	11	0
New Low	11	0

Buy	Sales	\$AVG
Oct. 19	27,244	118.30
Oct. 18	21,407	118.30
Oct. 17	20,040	118.30
Oct. 16	14,236	118.30
Oct. 15	20,266	118.30
Oct. 14	20,266	118.30
Oct. 13	20,266	118.30
Oct. 12	20,266	118.30
Oct. 11	20,266	118.30
Oct. 10	20,266	118.30
Oct. 9	20,266	118.30
Oct. 8	20,266	118.30
Oct. 7	20,266	118.30
Oct. 6	20,266	118.30
Oct. 5	20,266	118.30
Oct. 4	20,266	118.30
Oct. 3	20,266	118.30
Oct. 2	20,266	118.30
Oct. 1	20,266	118.30

Index	High	Low	Close	Chg.
Industrial	2124 1/2	2124 1/2	2124 1/2	+ 1/2
Finance	2124 1/2	2124 1/2	2124 1/2	+ 1/2
Composite	2124 1/2	2124 1/2	2124 1/2	+ 1/2

Class	High	Low	Close	Chg.
Industrial	2124 1/2	2124 1/2	2124 1/2	+ 1/2
Finance	2124 1/2	2124 1/2	2124 1/2	+ 1/2
Composite	2124 1/2	2124 1/2	2124 1/2	+ 1/2

Class	Prev.	Chg.
Advanced	11	+ 1
Unchanged	11	0
New High	11	0
New Low	11	0

High	Low	Close	Chg.
308.7	304.2	306.7	+ 1.9

Tables include the nationwide prices up to the closing on Wall Street and do not reflect lot sizes elsewhere.

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
121 1/2	118 1/2	AAI	1.00	4.0	17	121 1/2	118 1/2	121 1/2	121 1/2	+ 1/2
121 1/2	118 1/2	AAI	1.00	4.0	17	121 1/2	118 1/2	121 1/2	121 1/2	+ 1/2
121 1/2	118 1/2	AAI	1.00	4.0	17	121 1/2	118 1/2	121 1/2	121 1/2	+ 1/2
121 1/2	118 1/2	AAI	1.00	4.0	17	121 1/2	118 1/2	121 1/2	121 1/2	+ 1/2

Dow Hits Post-Collapse High

United Press International

NEW YORK — Prices on the New York Stock Exchange soared Thursday in active trading as takeover activity and a wave of buying in the final half hour combined to boost the Dow to its highest level since last year's market collapse.

The Dow Jones industrial average, which had fallen 23.58 Wednesday on the first anniversary of the collapse, soared 43.92 to close at 2,181.19. The Dow jumped more than 26 points in the final 30 minutes of the session to reach beyond the previous post-collapse high of 2,159.85, set on Tuesday.

Advances trounced declines by a 5-2 ratio. Volume was 189.58 million shares, compared with 186.35 million traded on Wednesday. Broader market indexes also posted sharp gains. The NYSE composite index rose 2.83 to close at 159.01. Standard & Poor's 500-stock index rose 5.91 to 282.88. The price of an average share added 60 cents.

"The market is looking ahead, not behind," said Don R. Hays, director of investment strategy at Wheat, First Securities in Richmond, Virginia.

Mr. Hays said the market remained concerned about the recent retreat of the dollar and the current level of short-term interest rates. In addition, he said, "The breadth of the market has deteriorated, with the blue chips and takeover stocks" providing most of the market support.

He said the takeover story of Thursday's session centered on news of a possible management-led buyout of RJR Nabisco.

As for oil prices, which surged Wednesday and were blamed for part of the market's retreat, Mr. Hays said the market was hoping for some price stability.

"The best price level would appear to be one that could balance inflationary pressures and at the same time keep the banking system alive," Mr. Hays said. He added that the United States would like to see price levels of \$15 to \$18 a barrel.

"We broke a recovery high and that has a tendency to increase interest in the market," said Harry Miller, an analyst with Interstate-Johnson Lane in Atlanta.

Mr. Miller said the "news environment" — third-quarter earnings, takeovers and economic indicators — had been more positive for the market than people had anticipated.

"I don't see any reason for a big surge to 2,400," he said. "But the trading range bias is upward."

"The 2,200 level will be the real test as to what money managers will do with their cash."

RJR Nabisco was the most active issue, jumping 2 1/4 to 77 1/2, on news of the potential \$7.5 billion takeover offer. Chase Manhattan followed, up 1/4 to 29 1/2.

Kraft was third, down 1/4 to 90 1/4. Philip Morris, which launched an \$1.4 billion takeover for Kraft earlier this week, jumped 5 to 99.

AT&T was up 1/4 to 27 1/2. The company reported third-quarter earnings of 55 cents a share, up from 47 cents a share in the year-ago period.

IBM rose 2 1/2 to 124 1/2.

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
124 1/2	121 1/2	IBM	1.00	4.0	17	124 1/2	121 1/2	124 1/2	124 1/2	+ 1/2
124 1/2	121 1/2	IBM	1.00	4.0	17	124 1/2	121 1/2	124 1/2	124 1/2	+ 1/2
124 1/2	121 1/2	IBM	1.00	4.0	17	124 1/2	121 1/2	124 1/2	124 1/2	+ 1/2
124 1/2	121 1/2	IBM	1.00	4.0	17	124 1/2	121 1/2	124 1/2	124 1/2	+ 1/2
124 1/2	121 1/2	IBM	1.00	4.0	17	124 1/2	121 1/2	124 1/2	124 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

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12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2
27 1/2	24 1/2	AAR	1.00	4.0	17	27 1/2	24 1/2	27 1/2	27 1/2	+ 1/2

12 Month High	Low	Stock	Div.	Yld.	PE	52 High	52 Low	Open	Close	Chg.
27 1/2	24 1/2									

Triumphs in TV technology

FRIDAY, OCTOBER 21, 1988

Herald Tribune
BUSINESS/FINANCE

... look no further than Samsung

WALL STREET WATCH

In Climate of Takeovers, Rumor-Mongering Thrives

By PAUL RICHTER

LOS ANGELES — Officials of Manufacturers National Bank were a little curious one summer day in 1985 when they noticed a television news crew interviewing a young man outside the entrance to their Detroit headquarters. Curiosity turned to chagrin when they learned that the TV crew was talking to 18-year-old Mark D. Anderson about his just-announced plans to take over the bank's holding company. With \$6 billion in assets, it was the third-largest in Michigan.

For five days, as bank officials tried to learn more about the would-be teen titan, the bank's stock edged higher and trading churned at three times normal volume. By the sixth day, the Securities and Exchange Commission had decided that the takeover offer was bogus and got a court injunction to halt it.

The story does not end there. Two weeks later, Manufacturers National got a call from a man who identified himself as an executive of "Middle East Associates" and said he wanted to talk about buying the company.

When Michael Maurer, a bank vice president, advised the caller of the stiff legal penalties for bogus takeover offers, the caller hung up, never to resurface. "It makes you wonder how many people out there are thinking about something like that," Mr. Maurer said.

It seems a lot of people have thought about trying to manipulate the price of a stock with a phony announcement. In the past three years, there have been three major hoaxes, but there are major attempts every few months to move the entire stock market

Many feel that taking time to check rumors may mean losing profits as the stock price rises.

See BOGUS, Page 15

Leading Greek Banker Faces Multiple Charges

Compiled by Our Staff From Dispatches

ATHENS — One of the most prominent bankers and publishing magnates in Greece has been charged in connection with activities at the Bank of Crete, of which he is chairman, a public prosecutor said Thursday.

George Koskotas, 35, was accused of forging bank documents, embezzlement, obstructing state investigators and giving false information on the financial reports of the Bank of Crete, the prosecutor said. The Greek-American entrepreneur also was charged with the use of false documents, under which the bank was alleged to have obtained foreign currency.

The Socialist government, after seeing a report by the Bank of Greece, the central bank, suspended Mr. Koskotas on Wednesday as chairman of the Bank of Crete. The 10th-largest bank in Greece has 1,000 employees and more than 30 branches throughout the country and is one of the country's leading privately held banking institutions.

Mr. Koskotas holds 85 percent of the shares of the bank, which has a declared net worth of \$25 million. He also owns four mass circulation magazines and three newspapers in Greece and holds a majority share in the nation's wealthiest soccer club, Olympiakos Piraeus.

The gravity of the case was underscored when it drew comment from the national economy minister, Panayiotis Roumeliotis, who said the central bank was prompted



George Koskotas has been charged in connection with his activities at the Bank of Crete, of which he is chairman. His publishing company, Grammi, has been indicted for alleged building violations.

to look into the Bank of Crete's transactions after Merrill Lynch, the giant U.S. investment house, responded to questions from Greek banking authorities concerning a \$13.7 million loan allegedly made to Mr. Koskotas.

Mr. Koskotas told state investigators he had brought the foreign

currency into Greece through the U.S. firm. But Mr. Roumeliotis alleged that the U.S. firm said it was unaware of any such deposit.

The district attorney's office said Mr. Koskotas had been barred from leaving the country pending completion of the state commissioner's report.

As the government announced that a temporary commissioner had been appointed to run the Bank of Crete while a probe of it was conducted, the bank's employees staged a 48-hour strike to protest the government's move. The sudden strike created a wave of rumors through the financial community that the bank would be unable to meet its financial obligations.

The Athens Stock Exchange suspended trading on Bank of Crete shares after they plummeted more than 10 percent from a high of 11,400 drachmas (\$77) at the opening Thursday.

Mr. Roumeliotis, in an attempt to ease depositor's fears, said the government would take all measures to protect their interests and parties doing business with the Bank of Crete. The minister said that whatever the findings, the bank would not come under state control.

Mr. Koskotas gained control of the Bank of Crete in 1982, and rival publishers accused him of allegedly using the bank's resources to build up a publishing empire. But Mr. Koskotas accused rival Athens publishers of conducting a smear campaign against him and his enterprises, prompting the central bank's intervention.

His publishing company, Grammi, a fast-moving concern, was also indicted last week by a public prosecutor for allegedly violating the country's building laws. (AP, Reuters)

Lloyds Bank Sets £1 Billion Deal With Insurer

By Warren Getler

LONDON — Lloyds Bank PLC, Britain's fourth-largest clearing bank, announced Thursday a £1.15 billion (\$2.01 billion) agreement with Abbey Life Group PLC that will give Lloyds a controlling stake in the British insurer and create a powerful European banking and insurance combine.

Lloyds will merge its five personal-finance divisions with Abbey Life in exchange for 380 million new Abbey shares, or 57.6 percent of the expanded capital of Abbey. The swap, subject to approval by both companies' shareholders, would create a new company, Lloyds Abbey Life PLC.

The group will be well-positioned to take advantage of a unified European banking and insurance market after the dismantling of controls within the 12-nation European Community planned for 1992, analysts said.

They said the group would also present a strong challenge to its larger domestic rival, Allied Dunbar, a unit of the diversified conglomerate BAT Industries PLC.

Lloyds' link with Abbey had been mooted in London markets Wednesday after early morning trading in Abbey Life shares was suspended pending an announcement. For some months now, Abbey has been rumored to be a bid target.

But analysts had expected Lloyds to take perhaps a 20 to 30 percent stake in Abbey, valued at no more than £500 million, in exchange for only segments — not all — of the bank's personal-finance units.

Lloyds surprised the markets with the announcement that it was contributing to the venture all of the operations: Black Horse Life, an assurance company; Lloyds Bowmaker, a finance house; the Black Horse real estate agency; Lloyds Bank Insurance Services; and Lloyds Bank Unit Trust Managers.

The move means that Lloyds would retain control of these units through the proposed majority control of Abbey and would absorb Abbey's capital base, thus buffer-

ing the bank's heavy £4 billion exposure to Third World debt.

It marks the second time that a major British bank has taken a controlling interest in a sizable British insurer, after TSB Banking Group's acquisition of Target Life in 1986.

"Lloyds has effectively kissed goodbye to any other bid possibility" for Abbey shareholders, said John Ross, an insurance analyst with County NatWest Securities, a London brokerage.

"Abbey's board is asking its shareholders to take a long-term view on the advantages of the merger," he said, "because there will be a short-term dilution in the quality of earnings at the new group" and any bid premium attached to the shares will have disappeared.

Alan Curtis, who tracks the insurance sector for Barclays de Zoete Wedd, another London brokerage, said the merger would enhance Abbey's growth prospects. "The merger makes sense for both groups," said Mr. Curtis. "Abbey has been struggling to get growth in its direct sales force, but it hasn't had the opportunity to tie in with building societies and it's been reluctant to acquire estate agents."

"Lloyds got a very good deal by acquiring control of Abbey Life at market price, without a premium," he said, adding that "some investors are upset that it removes all bid speculation."

Lloyds said that the five units to be spun off into the venture are valued at £1.15 billion, using the middle-market quotation Tuesday of 304 pence per Abbey share.

On Wednesday, Abbey shares were suspended at 294 pence. They remained suspended Thursday pending the release of the merger documents, Abbey officials said.

The five Lloyds' retail units have contributed as much as one-fifth of the bank's pretax profit, which totaled £452 million for the first half.

Brian Pitman, chief executive of Lloyds Bank, said at a press conference that "this marriage of skills could become a model for others" seeking a link between banking and insurance groups.

False Story Roils Market

Washington Post Service

WASHINGTON — A new variation on the rumor-mongering that frequently afflicts financial markets struck a skittish Wall Street on the anniversary of the 1987 stock-market crash.

The market fell sharply on Wednesday in response to a false rumor that The Washington Post soon would publish a politically damaging story about Vice President George Bush's personal life. Wall Streeters generally contend that a Republican administration would be better for securities prices.

The rumor, which raced through trading rooms before Post editors denied it in the late afternoon, helped drive the Dow Jones industrial average down about 43 points in the last hour of trading on the New York Stock Exchange. The Dow rebounded, but closed down 22.58 at 1,137.27.

As invariably happens when such speculation roils the market, the rumor proved impossible to trace. What was clear was that the rumor exerted a substantial effect on traders' actions. Richard Harwood, the Post's ombudsman, received a phone call from a Smith Barney broker asking whether the rumor was true. Informed that it wasn't, the broker hollered to his colleagues: "Buy! Buy! Buy!" Over the phone, Mr. Harwood could hear others picking up the cry: "Buy! Buy!"

Telephone queries began flooding the Post's national news desk around 3 P.M., and at 3:49 P.M. the Dow Jones News Service carried a story describing the market's sharp retreat and attributing it to the Post rumor. At 4 P.M., just as trading was coming to a close, Dow Jones reported that the Post was denying the rumor.

The Post's usual practice is to refuse comment on such rumors. But on Wednesday, Post editors decided to make an exception because of the rumor's market impact. "It seemed appropriate to set the record straight," Benjamin C. Bradlee, the executive editor, said.

Iranian Statement Clouds Start of OPEC Talks

Reuters

MADRID — Pressure mounted for Iran and Iraq to bury their differences Thursday as OPEC members held the first in a series of talks aimed at shoring up the world oil market, but Iran set the scene for a showdown when it vowed opposition to output parity with Iraq.

The market appeared to be optimistic early Thursday about a resolution to differences within the Organization of Petroleum Exporting Countries, and oil prices rose in European trading. Sentiment turned negative later and prices dropped.

North Sea Brent crude for December delivery gained about 10 cents a barrel in London on Thursday to close at \$13.63 a barrel. In New York, West Texas Intermediate for December delivery closed at \$14.45, off 37 cents.

On Wednesday night, eight ministers on the price and long-term strategy committees ended their first round of talks, which lasted just over an hour. The ministers from Algeria, Indonesia, Iran, Iraq, Kuwait, Nigeria, Saudi Arabia and Venezuela were meeting to discuss an Arab proposal for Iraq to rejoin OPEC's quota system and a possible increase to overall OPEC production limits. The start of talks was delayed by the late arrival of the Iraqi oil minister.

Hopes for an early settlement were dashed earlier Thursday when the Iranian oil minister, Gholamreza Azagadeh was asked by reporters if he would accept parity with Iraq. "No, I don't accept," he replied.

Mr. Azagadeh and the Iraqi oil minister, Isam Abd ar-Rahim ash-Shalabi, confronted each other Thursday evening for the first time since a cease-fire in their eight-year war was called in August.

Both nations, founding members of OPEC, were under mounting pressure from Saudi Arabia and Kuwait, powerful Gulf oil producers, to bury their long-standing differences.

The Saudi oil minister, Hisham Nazer, set an uncompromising tone for the three days of talks by warning Iraq earlier that Riyadh would block any deal to cut back production and prop up prices that did not bring Iraq back into the cartel's quota system.

The exclusion of Iraq from OPEC's production ceiling has split the organization for more than two years. Baghdad refuses to be a party to production restraint since Tehran rejects its demands for an equal-sized output quota.

That deadlock must be broken if OPEC is to head off a threat of a

plunge in prices similar to that in 1986, when the price of oil fell under \$10 a barrel.

The Saudi bargaining position, which was worked out in conjunction with its Gulf allies in Riyadh last Sunday, won strong backing from the OPEC president, Riikwan Lukman of Nigeria.

"We've had enough trouble," Mr. Lukman said. "We won't entertain anybody being expelled this time."

Oil traders worldwide were watching closely to see whether the Madrid talks can produce a deal to satisfy both Tehran and Baghdad.

Mr. Azagadeh's terse words made it seem unlikely that Riyadh, or even a resumption of diplomatic ties, would persuade Tehran to drop objections to Iraq's quota demand.

Currency Rates

Cross Rates	Oct. 20	YTD
Amsterdam	2.028	1.225
Brussels	37.075	66.615
Frankfurt	1.861	1.182
London (£)	1.740	1.740
Madrid	164.25	164.25
New York	1.323	1.298
Paris	6.61	10.85
Tokyo	127.48	22.48
Zurich	1.82	2.01
1 ECU	1.197	0.829
1 SDR	1.201	0.745

Closures in London, Tokyo and Zurich follow in other centers. New York closing rates. Oct. 20. Commercial rates: To buy one pound: To buy one dollar: Units of 100; N.A.: not quoted; N.A.: not available.

Other Dollar Values	Per \$	Per \$	Per \$	Per \$	
Airfare, central	12.12	Fin. markets	4.245	Max. pass	220.00
Australia	1.214	Greek drac.	167.60	N. Zealand	1.277
Aust. schil.	12.78	Hong Kong \$	7.812	Nor. krone	4.123
Bah. ba.	37.38	Indian rupee	14.782	Norw. krona	4.641
Brazil Cruz.	408.225	Indon. rupiah	1768.00	Phil. peso	20.70
Canada \$	1.198	Irish sh.	7.87	Port. escudo	148.00
Chilean peso	2.723	Israeli shek.	1.53	Saudi riyal	3.75
Denish krone	6.942	Kuwaiti dinar	6.218	Sw. s.	2.091
Egypt. pound	2.319	Malay. ring.	2.674	S. Kor. won	710.00

Forward Rates	30-day	60-day	90-day	30-day	60-day	90-day
Forward sterling	1.281	1.292	1.293	Canadian dollar	1.200	1.204
Japanese yen	124.31	125.88	125.45	Swiss franc	1.541	1.504
Deutsche mark	1.792	1.789	1.783			

Sources: Indusbank Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAI (Lima); Rhb (Vienna); Goldman (London). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits	Oct. 20
1 month	8 1/4 - 9 1/4
3 months	8 1/4 - 9 1/4
6 months	8 1/4 - 9 1/4
1 year	8 1/4 - 9 1/4

Key Money Rates	Oct. 20
Discount rate	6%
Prime rate	10.00
Federal funds	8%
3-month Treasury bills	7.50
6-month Treasury bills	7.50
1-year Treasury bills	7.50
3-month CD's	8.10

Asian Dollar Deposits	Oct. 20
1 month	8 1/4 - 9 1/4
3 months	8 1/4 - 9 1/4
6 months	8 1/4 - 9 1/4
1 year	8 1/4 - 9 1/4

U.S. Money Market Funds	Oct. 20
Merrill Lynch Ready Assets	7.67
30-day average yield	7.67
Telarcote Interest Rate Index	8.19

West Germany	Oct. 20
Discount rate	7%
Lombard rate	4.50
Overnight rate	4.50
3-month interbank	4.50
6-month interbank	4.50
1-year interbank	4.50

Japan	Oct. 20
Discount rate	3%
Call money	3%
3-month interbank	4%
6-month interbank	4%
1-year interbank	4%

Gold	Oct. 20
Gold price	374.00
Gold lease	1.25
Gold futures	374.00
Gold options	374.00



EVEN TO STAY WHERE YOU ARE, YOU HAVE TO MOVE.

Once you're on top, you discover that there's a lot to stay on top of. Events anywhere in the world can hit home, instantly. Today, just preserving success can take as much energy as achieving it. That's the business of TDB American Express Bank. What we offer, in addition to the celebrated Swiss banking environment, is a true investment culture. With our American Express affiliation, you'll have access to an entire world of investment opportunities, while enjoying the privacy and security of Switzerland. To find out what we can do for you, just call us. Or visit us the next time you're in Switzerland.

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Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg.

Table with columns for 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg. listing various stocks and their performance.

(Continued)

Table with columns for 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg. listing various stocks and their performance.

Buyers of Boeing 747s Face Delivery Delays Of Up to One Month

LONDON — Boeing Co., the U.S. aerospace giant, said Thursday that some of its new long-range 747-400 Jumbo jet airliners, which are due to enter service later this year, would be delivered up to a month late.

U.S. Futures

Grains

Table listing U.S. Futures for Grains, including Wheat, Corn, and Soybeans.

U.S. Futures

Metals

Table listing U.S. Futures for Metals, including Copper, Aluminum, and Lead.

U.S. Futures

Livestock

Table listing U.S. Futures for Livestock, including Cattle and Hogs.

U.S. Futures

Company Results

Table listing U.S. Futures for Company Results, including earnings and dividends.

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Stock Indexes

Table listing U.S. Futures for Stock Indexes, including Dow Jones and S&P 500.

U.S. Futures

Commodity Indexes

Table listing U.S. Futures for Commodity Indexes, including various agricultural products.

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Table listing U.S. Futures for Market Guide, including various market indicators.

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Vertical text on the right edge of the page, including 'BUSINESS' and other partial words.

BUSINESS ROUNDUP

AmEx Earnings Decline 13 Percent

NEW YORK — American Express Co. reported Thursday a 13 percent drop in its third-quarter earnings, despite record results in units that run its credit-card and financial-services businesses.

The company attributed the decline to further pinched profits at its bank and brokerage firm, Shearson-Lehman Hutton Holdings Inc., said in a statement.

American Express said it netted \$282.1 million, or 66 cents a share, in the three months ended Sept. 30, compared with revised earnings of \$324.1 million, or 74 cents a share, in the comparable period last year.

Revenue during the period jumped 36 percent, to \$5.71 billion from \$4.2 billion.

For the first nine months of the year, American Express's profit totaled \$828.6 million, or \$1.94 a share, on revenue of \$16.4 billion. That was 30 percent higher than the same period last year.

American Express said it revised the 1987 results to include \$76 million of tax-deferred benefits caused

Time to Buy 50% Stake in Magazine Publisher

NEW YORK — Time Inc. agreed in principle Thursday to buy a 50 percent stake in privately held Whitlle Communications for \$185 million, the companies said.

The 40 magazines owned by Whitlle cover health, education and business. Its most recent project, Special Reports, began publication last month.

American Express said it revised the 1987 results to include \$76 million of tax-deferred benefits caused

U.K. Refuses Payments in Fund Collapse

LONDON — The British government on Thursday refused to compensate small investors for losses caused by a fund management firm's collapse earlier this year.

Barlow Clowes Gift Managers Ltd., based in Britain, and Barlow Clowes International, which operated in Gibraltar, were closed in May.

Lord Young, the trade and industry minister, said an independent report into his ministry's dealings with Barlow Clowes showed there was no reason for the government to make any payments to investors.

An official receiver has said \$52.5 million is available to meet claims on the British fund.

Appellate Court Calls Halt To Drexel Proceedings

NEW YORK — A federal appellate court halted proceedings Thursday in the civil securities-fraud case against Drexel and four key employees of extensive securities fraud in a civil suit filed last month.

The order also delayed the expected completion of a partial settlement in some of the related civil suits.

A Drexel spokesman, Steven Archer, declined to comment on the appellate order.

The Washington office of Barry Goldsmith, the SEC deputy litigation chief in charge of the case, said he was unavailable for comment.

The immediate effect of the order was to delay a hearing that

Company Results

Revenue and profits of losses, in millions, are in local currencies unless otherwise indicated.

Table with multiple columns showing company results for various firms like AmEx, Bell Atlantic, BellSouth, etc. Columns include Revenue, Net Inc., and Per Share for different quarters.

NABISCO: Planned \$17 Billion Takeover Would Be Largest in History

NEW YORK — Time Inc. agreed in principle Thursday to buy a 50 percent stake in privately held Whitlle Communications for \$185 million, the companies said.

The reaction on Wall Street was based on RJR Nabisco's strong position in the consumer-products market. The company was formed in 1985 after R.J. Reynolds bought Nabisco Brands Inc. for \$4.9 billion.

Mr. Johnson had been president of Nabisco before it was acquired by R.J. Reynolds. Analysts who have followed his career noted that there was talk of a buyout of Nabisco before the company was sold to Reynolds.

RJR Nabisco, which includes Oreo cookies and Winston cigarettes among its products, had profits of \$1.18 billion last year on revenue of almost \$15.8 billion. Although tobacco products represented only 40 percent of the company's sales, they accounted for 67 percent of its profit.

In the third quarter this year, RJR Nabisco posted net earnings of \$355 million, or \$1.55 a share, compared with \$320 million a year earlier. Revenues increased to \$4.2 billion from \$3.8 billion.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) Oct 20, 1988

Large table listing various international funds with columns for fund names, currencies, and performance metrics. Includes sub-sections for 'Other Funds' and 'REUTERS'.

BOGUS: Rumors and Hoaxes Proliferate in Today's Climate of Takeovers

NEW YORK — A recent major case took place July 28, when a manipulator ignited the stock of General Cinema Corp. by mailing the Securities and Exchange Commission a phony document indicating that a fictitious London investor had been accumulating it.

These cases, which can inflict millions of dollars of losses on investors, demonstrate the vulnerability to manipulation of even the market's most heavily traded stocks. Indeed, while classic stock manipulations are insiders' schemes, the smaller hoaxes show how amateurs can unbalance the market in minutes.

The episodes also underscore the broader problem that market regulators face from the daily traffic in bogus reports and rumors, the incidence of which some experts say has grown as the continuing merger boom increases speculation in takeover-related stocks.

The market is particularly vulnerable to phony news concerning corporate takeovers.

"Even two or three years ago, the market wasn't this sensitive to news about changes of corporate control," said Lawrence Iason, the SEC's regional administrator in New York. But increased takeover speculation has brought increased volatility, he said, and "more vulnerability to phony information."

The market's explosive reaction even to fabricated announcements is in part a result of the habits of takeover-stock speculators, whose trading on some days accounts for one-sixth of all market volume.

They search for any sign that a stock is caught up in the takeover whirl, often relying on special information services that tell them instantaneously of regulatory disclosures, takeover rumors, even of trips and conversations by corporate executives who might be involved in deals.

When they smell a takeover, they jump to buy — often before checking out the truth of the report. Spending time to check out rumors may mean losing profits as the stock price rises, they figure.

Attempts to move the entire market by hoax 'range from the very sophisticated to some clown calling from a phone booth in a subway.'

Everett Groseclose, managing editor of Dow Jones wire.

that he wanted to buy 70 percent of the company's stock for \$66 a share.

For several days, it was difficult for anybody to find out anything about Mr. Anderson or Eastern Exchange Group, which he listed as his company. Despite the absence of hard information, stock in the Manufacturers National Bank holding company rose 14 percent to \$72.75 within a week of the advertisement.

The stock stayed far above its usual trading price long after many who were close to the drama had grown skeptical of the offer. That suggests that many of the buyers who got burned in the hoax were small investors who were far from the flow of market news.

Mr. Anderson turned out to have assets of less than \$10,000. "He seemed to just want to make the stock take off," said one person who was knowledgeable about the investigation. "And it did."

The SEC didn't prosecute Mr. Anderson, but it got him to sign an agreement that barred him from any further public discussion of the offer.

The Manufacturers National case could hardly be more different from the classic stock manipulations. These usually involve shrewd operators who try to lure investors to the stock of some small company by creating the appear-

BNP Mortgages advertisement. Text: 'Mortgages for expatriates resident in the UK * 100% interest only * Fast, personalised service'. Includes phone number 01-380 5214 and BNP logo.

International Herald Tribune advertisement. Text: 'Now Printed in New York For Same Day Service in Key American Cities. To subscribe call us toll-free in the U.S.: 1-800-882-2884. (In New York, call 212-752-3890.)' Includes address: 850 Third Avenue, New York, N.Y. 10022.

BUSINESS ROUNDUP

AT&T Net Up, but Write-Down Seen

NEW YORK — American Telephone & Telegraph Co. reported Thursday that third-quarter net profit rose 16 percent from a year earlier...

Mecca Wins Pleasurama

LONDON — Mecca Leisure Group PLC said Thursday that it had taken control of Pleasurama PLC, a British hotel and casino owner...

Kuwait Trading Agency to Increase Capital, Shift Assets

KUWAIT — Kuwait Foreign Trading, Contracting & Investment Co. one of Kuwait's biggest investment concerns, said Thursday that it would soon nearly triple its capital...

EC Body Seeks Levies Against Korean Firm

BRUSSELS — The European Community's governing body said Thursday that it had asked EC members to order punitive levies on a South Korean ocean shipping concern...

Hasbro, Citing Cost, Drops Video Game

By Jane W. Applegate Los Angeles Times Staff Writer LOS ANGELES — Hasbro Inc., the largest toy maker in the United States, says it has pulled the plug on an innovative high-tech video game...

Floating-Rate Notes

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Includes sections for Dollars, Pounds Sterling, and Deutsche Marks.

Deutsche Marks

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists various international bonds.

Japanese Yen

Table with columns: Issuer/Note, Coupon, Maturity, Bid, Ask. Lists Japanese government and corporate bonds.

Total Reports Sales Fell 9.9%

PARIS — The French oil group Compagnie Française des Pétroles, known as Total, said Thursday that sales in the first half had fallen 9.9 percent from a year earlier...

The Daily Source for International Investors. Advertisement for a financial service.

INTERNATIONAL REAL ESTATE MARKETPLACE

Real estate listings categorized by region: GREAT BRITAIN, ITALY, PARIS AREA UNFURNISHED, USA, PALM BEACH, FLORIDA, REAL ESTATE WANTED/EXCHANGE.

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INTERNATIONAL CLASSIFIED

Classified advertisements for international services: ESCORTS & GUIDES, REGENCY U.K., MERCEDES, INTERFACES, GORDON'S IN PROVENCE, MAYFAIR CLUB, PRESTIGE.

Save up to 50%!

Subscription information for International Herald Tribune. Includes pricing, contact details, and a list of international exchange rates.

Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 Wk High Low Open Close Chg. Chg. %

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Advertisement for Buffalo Bill's Wild West, featuring 'A Century of News' and 'Marche'.

Advertisement for 'INTERNATIONAL MERGERS AND ACQUISITIONS 1990' conference, including speaker list and contact information.

CURRENCY MARKETS

Dollar Slips Quietly Below 1.80 DM

NEW YORK — The dollar fell Thursday, slipping below the key support level of 1.80 Deutsche marks as some dealers predicted further weakening.

Table with 3 columns: Currency, Bid, Ask. Includes Deutsche mark, Swiss franc, Japanese yen, French franc.

The British pound was actively sought. Although the uncertainty this week over the dollar's short-term direction continues, particularly in carrier European trading, the underlying tone of the market remained bearish.

London's Mansion House, said the economy was likely to grow more slowly for a year or two after strong growth in 1987 and 1988. "Inflation is likely to peak during the course of next year," he said.

Lawson Says U.K. Deficit Will Stay High Into 1990

LONDON — Nigel Lawson, the chancellor of the Exchequer, said Thursday that Britain's foreign trade deficit, widely expected to soar well above £10 billion (\$17.5 billion) this year, may remain high into 1990.

EC and Prague Initial Agreement

BRUSSELS — The European Community and Czechoslovakia have initiated an agreement to liberalize trade in industrial goods, the European Commission announced Thursday.

On Sept. 26, Hungary and the EC signed a 10-year agreement aimed at expanding access to each other's market and ending enforced use of barter by Hungarian enterprises.

Soviet Income Rises 4.7%

MOSCOW — National income in the Soviet Union rose 4.7 percent in the first nine months of the year but improvement in productivity has been seriously undermined by wage increases, a top Soviet official said Thursday.

On Sept. 26, Hungary and the EC signed a 10-year agreement aimed at expanding access to each other's market and ending enforced use of barter by Hungarian enterprises.

FRANC: Mounting Pressure on Currency Threatens Renewed Tensions Between France and Germany on Rates

FRANCE has so far made it clear it would prefer to defend the franc by interest rate changes rather than currency intervention. But under new EMS rules adopted in Nyborg, Denmark, last year, France also has to accept heavy borrowings of marks from Germany to support the franc before it reaches its floor.

The Bundesbank takes the view that the EMS countries should accordingly take advantage of the current "window of opportunity" to establish more realistic exchange rates, Mr. Brown said.

Financial sources in Frankfurt said Thursday that tensions in the EMS were not yet severe enough to justify a mark revaluation. But they added that the Bundesbank would probably not want to pump more liquidity into the German economy by lending marks to France to support the franc for a long period.

While Germany's trade surplus with the United States fell by 40 percent in the first six months of this year, its surplus with other EC countries rose by 30 percent.

Many economists now expect the growing European trade imbalance to force currency changes in the EMS in the same way that the persistent U.S. trade imbalance previously pushed down the dollar.

But while some economists say the mark should be revalued by as much as 5 to 10 percent, others believe 2 to 3 percent would be enough.

U.K.-Soviet Trade Pact

LONDON — Britain and the Soviet Union have signed a new trade protocol that provides up to £200 million (\$350 million) of export credit guarantees in each of five Soviet industrial sectors.

In addition, Midland Bank PLC's deputy chairman, Sir Michael Palliser, said that seven British banks were nearing agreement to provide £1 billion in fresh trade credits to the Soviet Union.

The protocol replaces one that was signed in 1987 and expired in July. Under the 1987 protocol, Britain's Export Credits Guarantee Department offered guarantees for an unspecified amount of financing denominated in sterling and European currency units.

Thursday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list, compiled by the AP, consists of the 100 most traded securities in the OTC market. It is updated twice a week. Via The Associated Press.

Table A: OTC market prices for various stocks including ABB, ABB, ABB, etc.

Table B: OTC market prices for various stocks including BAA, BAA, BAA, etc.

Table C: OTC market prices for various stocks including CBA, CBA, CBA, etc.

Table D: OTC market prices for various stocks including DCA, DCA, DCA, etc.

Table E: OTC market prices for various stocks including EFA, EFA, EFA, etc.

Table F: OTC market prices for various stocks including FGA, FGA, FGA, etc.

Table G: OTC market prices for various stocks including GHA, GHA, GHA, etc.

Table H: OTC market prices for various stocks including HIA, HIA, HIA, etc.

Table I: OTC market prices for various stocks including IJA, IJA, IJA, etc.

Table J: OTC market prices for various stocks including KLA, KLA, KLA, etc.

Table K: OTC market prices for various stocks including LMA, LMA, LMA, etc.

Cribline. A service for finding lost items and people. Includes phone number and address.

Thursday's AMEX Closing. Tables include the notional prices on the closing on Wall Street and do not reflect late trades elsewhere.

Table L: AMEX closing prices for various stocks including MNA, MNA, MNA, etc.

BOOK BRIEFS

YOUNG SHAKESPEARE. By Russell Fraser. Columbia University Press, 562 West 113th Street, New York, N.Y. 10025.

In one sense, we don't know very much about Shakespeare; just a few key facts, the rough outlines of his career, a haphazard collection of minor detail.

In another sense, since we have his works, we know an immense amount. The problem is how to put the two kinds of knowledge together.

Earlier biographers of Shakespeare tended to let their fancies roam. By way of reaction, as Russell Fraser explains in the preface to "Young Shakespeare," the best modern biographers "are reserved to the point of taciturnity." As a result, there is no biography "that is simultaneously a comprehensive and scrupulous account of the life, and a consideration, worth having, of the art."

This is the gap that Fraser has set out to bridge. Recounting the course of Shakespeare's first 30 years, up to 1594, he builds on the work of the documentary scholars, and extends it with constant reference to the plays and poems.

Careful to avoid pure speculation — if there is no hard proof that Shakespeare visited Italy, then we have no right to assume he did — he feels free to echo and parallels, to toy with possibilities.

By the end of the book, though we certainly understand Shakespeare better than we did before, there are still any number of unanswered questions. But I think we really prefer it that way. Yes, we are glad to know what we do about him, and we would like to know more — but not so much more that we would lose the pleasure of being tantalized. (John Gross, NYT)

DESPERADOS: Latin Drug Lords, U.S. Lawmen, and the War America Can't Win. By Elaine Shannon. Viking Inc., 40 West 23d Street, New York, N.Y. 10010.

In February of 1986, the U.S. Drug Enforcement Administration agent Enrique Camarena Salazar was kidnapped in Guadalajara, Mexico. Several weeks passed before the agent's body, showing unmistakable signs of torture, was discovered.

To U.S. lawmen working to stem the flood of illegal narcotics into the States, Camarena's murder was outrageous — they launched a widespread effort to see his killers brought to justice. But what they discovered was that far more than murder was involved. At the core of the crime lay a fundamental corruption that defied even the most cynical, street-wise agent's imagination.

"Desperados" is Elaine Shannon's account of the crime and its aftermath. But the book seeks to be much more than a retelling of a single incident. Instead, she sees the murder of Camarena as the pervasiveness of the drug culture in Mexico and Colombia and to display why — despite all the rhetoric and show acting on the part of candidates and bureaucrats — the United States is losing the battle against drugs.

It is a thoroughly dismaying tale. In a steady, unadorned style, she exposes equal measures of official corruption, blindness and its everpresent companion, incompetence. She probes the attitudes of the governments of Mexico, Colombia and the United States that place higher virtue on prevention of the spread of communism than of the spread of drugs. She describes the extent of the influence of the Latin American drug kingpins who, so fabulously awash in

money, remain almost immune from the ordinary reach of the law.

Her book should be required reading by anyone brave enough to believe that the creation of a cabinet-level "drug czar" or the institution of the death penalty for narcotics-related homicides will make a whit of difference to drug smugglers. Above all, she demonstrates that it is not that the U.S. government "can't" win the war against drugs, it is that the government "won't" win by refusing to see the influx of drugs into the United States as a dilemma that cuts across social, political and emotional boundaries. Instead, she describes an American government long on promises and show, but ineffective programs. (John Katzenbach, WP)

THE HOLLYWOOD HISTORY OF THE WORLD. By George MacDonald Fraser. Beech Tree Books, William Morrow, 105 Madison Avenue, New York, N.Y. 10016.

This book is a delight. It is a wise, engaging, charmingly opinionated, vividly illustrated and, for the most part, sympathetic survey of English-language historical movies from pre-history to Vietnam.

Its author is a man of wide and varied experience: a rifleman in the British army in Burma during World War II, a newspaper reporter and film critic, a swordsman, a successful novelist and screenwriter (the Flashman novels; that splendid film spoof, "The Three Musketeers") and his worthy sequel, "The Four Musketeers") and a historian whose account of the Anglo-Scottish borderlands during the 16th and early 17th centuries ("The Steel Bonnets") is well regarded by scholars.

Fraser's purpose is "to compare film versions with historic truth, so far as the latter can be discovered." To this end, he often juxtaposes portraits of historical characters with photographs of actors playing their parts. To his great credit, he resists the temptation to ridicule historical movies by pointing on every anachronism. It is far more difficult, he points out, to capture a historical era on film than in a novel or, for that matter, a scholarly monograph. Writers of books can re-create the past in broad strokes, including or excluding what they wish; but a filmmaker must provide a vast quantity of detail and get everything right from landscapes to shoe buckles.

There have been atrocious historical movies. Fraser is quick to observe, and he does not treat them gently. But he also points to "the astounding amount of history Hollywood has got right, and the immense unacknowledged debt which we owe to the commercial cinema as an illuminator of the story of mankind." (C. Warren Hollister, LAT)

World Stock Markets

Via Agence France Presse Closing prices in local currencies, Oct. 20

Table of World Stock Markets with columns for various regions: Amsterdam, Helsinki, Hong Kong, Johannesburg, London, Madrid, Mexico, New York, Paris, Singapore, Stockholm, Sydney, Taipei, Toronto, Zurich. Includes sub-sections for Canada, Mexico, and various regional indices.

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ACROSS crossword puzzle grid with clues: 1 Cape Cod town, 8 Churn, 15 Fiery, 16 Words of apology, 17 Poker players, at times, 18 — line (stand firm), 19 Roman censor, 20 Proceeded with effort, 21 Harvard's president, 23 Dashes, 25 Shirt type, 26 Arrow poison, 30 — live, 31 Contribute, 32 — Rebellion in R.I., 1842, 34 Capricious, 36 Influence, 38 Actor Estrada, 39 Of ropes or cords, 44 Creek, 47 Old Egyptian symbol, 48 Yarned, 50 Actor Richard from Philadelphia, 51 Famine, 52 Of current interest, 54 Moscow's — Square, 55 Hate-Twain play, 56 From? Indeed?, 58 Cylindrical smokestacks, 61 Feline activity, 64 Street game, 65 Did some cobbling, 66 — the Queen, 67 Good for nothing.

WEATHER table showing High, Low, and conditions for various cities: Europe (Amsterdam, Athens, Barcelona, etc.), Asia (Beijing, Bombay, etc.), North America (Anchorage, Atlanta, Chicago, etc.), Africa (Algiers, Cairo, etc.), Latin America (Buenos Aires, Caracas, etc.), Oceania (Auckland, Sydney).

PEANUTS comic strip: One Hundred Reasons To Hate Cats. Snoopy sits on his doghouse, Woodstock says 'I DON'T KNOW, I'M NOT SO SURE ABOUT THIS...'

DENNIS THE MENACE comic strip: DENNIS THE MENACE. Dennis is playing with a ball, Mr. Bonanza says 'DID YOU TELL JOE THIS WAS A PEANUT BUTTER AND JELLY SANDWICH?'

JUMBLE. THAT SCRAMBLED WORD GAME. Unscramble these four jumbles, one letter from each square, to form four ordinary words. LEETA, NUMIS, SLEPEN, MUDINS.

DOWN crossword puzzle clues: 1 'Bo' — Bird Du Schen, 2 — Kahn III, 3 Old knit, 4 For — jolly, 5 Brooke and Field, 6 Grand-tour site, 7 Count chaser, 8 Ghanaian region, 9 'He was wery, he was wery' — Dickens, 10 Antilles e g, 11 Rock singer Rundgren, 12 Buchwald or Garfunkel.

BLONDIE comic strip: GO OUT FOR A LONG ONE, ALEXANDER. Further, further! What happened? My head made a hole, he couldn't deliver.

BEETLE BAILEY comic strip: YOU CAN MAKE FUN OF ME, SARGE, BUT SOMEDAY I'LL BE IN 'WHO'S WHO?'

WIZARD OF ID comic strip: THIS OLD-TIMER SHOT HIS AGE ON THE GOLF COURSE. THAT'S QUITE AN ACCOMPLISHMENT! IT GETS EASIER EVERY YEAR.

REX MORGAN comic strip: WHERE ARE YOU GOING, MARTHA? I'M GOING TO FIND OUT THE TRUTH ABOUT OUR SON! HOW DO YOU INTEND TO DO THAT, DARLING? I'LL GO WITH YOU— NO! THIS IS SOMETHING I'LL DO ALONE AND WANT THE LIMO! I'M TAKING OUR CAR, I'LL CALL LATER!

Solution to Previous Puzzle. DIETS SNEW LAP, IRE PARADE EMU, WEST ADDED OAR, ANYTIME TWOBITS, HELEN ORE MOXIE, ORC VERMIN, WENS BED ITALIA, EVE PERCALE ACE, BAYARD EUS VUES, DOESN'T HAN, PROUD ITO INDIA, SAWBUCK MASTERS, ALL CLARAS ARAS, LEE TENETS GENE, MST GOAT EDIT.

DOONESBURY comic strip: MR. PRESIDENT, WHAT WAS THE FIRST THING YOU DID AFTER WINNING OFFICE? MR. PRESIDENT, I WENT TO THE BATH.

DOONESBURY comic strip: I THINK THESE QUESTIONS GO BACK TO MY QUALIFICATIONS AND WHETHER I'M PREPARED. ARE YOU GOING TO ANSWER THEM? YES, I AM. I AM PREPARED. I'VE BEEN UP TOO LONG.

GARFIELD comic strip: AND NOW, THE LATE, LATE, LATE SHOW PRESENTS... 'NIGHT OF THE ZOMBIE PLUMBERS' IN 3-D!

GARFIELD comic strip: I'VE BEEN UP TOO LONG.

